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OECD Skills Strategy Latvia

ASSESSMENT AND RECOMMENDATIONS

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Please cite this publication as:
OECD (2019), *OECD Skills Strategy Latvia: Assessment and Recommendations*, OECD Skills Studies, OECD Publishing, Paris, *https://doi.org/10.1787/74fe3bf8-en*.

ISBN 978-92-64-65018-3 (print)
ISBN 978-92-64-70915-7 (pdf)

OECD Skills Studies
ISSN 2307-8723 (print)
ISSN 2307-8731 (online)

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Foreword

People's skills are at the heart of Latvia's vision for the future.

As globalisation and digitalisation transform jobs, how societies function and how people interact, the impetus for getting skills right is growing. People will need higher levels of skills and a well-rounded set of skills, including cognitive, social and emotional, and job-specific skills, to flourish in life both in and out of work.

After a severe recession, Latvia's economy is now in an upswing, with GDP growth above 4% in 2018. To solidify its recovery and prepare its people for the uncertainties of the future, Latvia is making significant investments in skills. It already performs well compared to most OECD countries on many measures of skills development and use. Student performance in developing skills is around the OECD average, and the association between socio-economic status and education performance is weaker than the OECD average. The share of adults who are unmotivated to participate in adult learning is below average. Furthermore, the unemployment rate has nearly returned to pre-recession levels. Various bodies are in place to support whole-of-government co-ordination and stakeholder engagement on skills issues.

However, some challenges remain. The skills of the ageing teaching workforce need to be updated. Sustainable funding mechanisms and broader funding sources for adult learning are required so that Latvia can rely less heavily on European Structural Funds. Improving wages and working conditions for high- demand occupations could reduce the emigration of highly educated workers from Latvia. Partnerships between government and social partners need to be strengthened, which would raise capacity to implement and monitor innovative and coherent skills policies.

Recent and planned policy reforms show great promise, but more needs to be done to ensure better skills outcomes. The government and all relevant stakeholders should continue to work in partnerships that involve every level of government, education and training providers, employers, trade unions, the non- profit sector, and individual learners.

Citizens of all ages and backgrounds should be able to develop and use their skills effectively to take up the opportunities of a rapidly changing society. Achieving this aim will require concrete steps taken not only by government, but by stakeholders as well.

Based on analysis of Latvia's comparative skills performance, as well as the findings from widespread engagement with stakeholders in Latvia, the OECD has developed a number of concrete recommendations to help Latvia along this path.

The OECD stands ready to support Latvia as it seeks to implement better skills policies for better lives.

Acknowledgements

This report is part of a series of country projects within the OECD programme of work on “Building Effective National Skills Strategies”.

The OECD is grateful to the Latvian National Project Team for its invaluable guidance and input throughout the project, and its help in convening and organising stakeholder workshops. We are particularly grateful to the National Project Leader, Gunta Arāja, and the National Project Co-ordinator, Jeļena Muhina, both from the Latvian Ministry of Education and Science, for their strong leadership and co-ordination of the National Project Team, which included: Elina Petrovska (Cross-Sectoral Co-ordination Centre); Gatis Silovs and Jānis Salmiņš (Ministry of Economics); Inese Stepiņa and Ruta Porniece (Latvian Employers Confederation); Inga Vanaga (Latvian Trade Union of Education and Science Employees); Linda Romele (Free Trade Union Confederation of Latvia); Raimonds Brīdaks (Ministry of Welfare). The National Project support included: Larisa Pekša, Inta Jaunzeme, Lelde Zemberga, Laura Vikšere, Viktors Kravčenko, Guntis Meisters (Ministry Education and Science); Ļaisana Šakirova (National Centre for Education); Jana Veinberga and Dace Saleniece (State Education Quality Service).

The OECD team wishes to thank current Minister of Education and Science, Ilga Šuplinska, and former Minister of Education and Science Kārlis Šadurskis for their commitment to this project. We are grateful to State Secretary Liga Lejiņa from the Ministry of Education and Science for her strategic guidance in this project. We also thank Laura Treimane, Counsellor for Education and Science at the Permanent Representation of the Latvian Government to the OECD, for her insightful advice and continuous support during the project.

Our warm thanks go to the many representatives of ministries, government agencies, education and training institutions, businesses and business associations, unions and community associations, think tanks and other organisations, and adult learners who generously shared their insights during focus groups and bilateral interviews with the OECD team in Riga, and for their written input and good practices. During the missions, the OECD team met around 500 stakeholders representing different sectors and institutions, including practitioners and experts from all levels of education, policy makers, employers, trade unions, local authorities, education and labour market researchers. We would also like to take the opportunity to thank the staff of the Ministry of Education and Science for their excellent organisation of the stakeholder workshops and for their hospitality in hosting these events. We also thank the experts that supported the national project team and the moderators and note-takers in the workshop, whose names are featured in Annex A.

We are grateful to the Directorate-General for Employment, Social Affairs and Inclusion and the Directorate-General for Education and Culture of the European Commission for contributing both financial support and expertise throughout the project. We are especially grateful to Alison Crabb and Michael Horgan as well as Denis Crowley and Mārtiņš Zemītis.

While the report draws upon data and analysis from the OECD, Latvian authorities and other published sources, any errors or misinterpretations remain the responsibility of the OECD team.

Samuel Kim was the OECD project leader responsible for co-ordinating this OECD National Skills Strategy project in Latvia. The main authors of this report were: Chapter 1. Key insights and recommendations, Bart Staats, (Centre for Skills); Chapter 2. Strengthening the skills student outcomes of students, Pierre Gouëdard, (Directorate for Education and Skills), with Helena van Langenhove, (Centre for Skills); Chapter 3. Fostering a culture of lifelong learning, Samuel Kim, (Centre for Skills); Chapter 4. Reducing skills imbalances, Katharine Mullock, (Directorate for Employment, Labour and Social Affairs); and Chapter 5. Strengthening the governance of the skills system, Ben Game, (Centre for Skills). Cuauhtémoc Rebolledo-Gómez (Centre for Skills) provided statistical support and Helena van Langenhove and Laura Dimante (Centre for Skills) provided background research. Zane Varpina (local Latvian consultant) provided input and feedback.

As Head of the OECD National Skills Strategy projects, Andrew Bell (Centre for Skills) provided analytical guidance, comments on chapters and supervision. Montserrat Gomendio (Head of the OECD Centre for Skills) provided guidance, oversight and comments, while Stefano Scarpetta (OECD Director for Employment, Labour and Social Affairs) provided strategic oversight for the project as well as comments.

Véronique Quénehen, Jennifer Cannon (Centre for Skills) and Lauren Thwaites (Directorate for Employment, Labour and Social Affairs) provided invaluable support for mission organisation, report layout and design and publication planning, while Elizabeth Zachary provided proofreading and editorial support.

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Abbreviations and acronyms

The following are the main acronyms cited in the report. The Latvian acronyms are featured in the brackets.

AES	Adult Education Survey
AI	Artificial intelligence
CSB	Central Statistical Bureau
CVTS	Continuing Vocational Training Survey
ECEC	Early childhood education and care
EDG2020	Education Development Guidelines 2014-2020 (IAP)
EDI	Early Development Index
EPALE	E-platform for adult learning in Europe
EQF	European Qualifications Framework (EKI)
ESF	European Social Funds
ESIF	European Structural and Investment Funds
EU	European Union
GDP	Gross domestic product
HEI	Higher education institution
ICT	Information and communications technology
LBAS	Free Trade Union Confederation of Latvia
LDDK	Latvian Employers Confederation
LFS	Labour Force Survey
LIZDA	Latvian Trade Union of Education and Science Employees
MoE	Ministry of Economics (EM)
MoES	Ministry of Education and Science (IZM)
MoW	Ministry of Welfare(LM)
NCE	National Centre for Education (VISC)
NDP2020	National Development Plan 2020 (NAP)
NEET	Not in employment, education or training
NTSP	National Tripartite Co-operation Council
OECD	Organisation for Economic Co-operation and Development
PIAAC	Programme for the International Assessment of Adult Competencies (Survey of Adult Skills)

PINTSA	Tripartite Co-operation Sub-Council of Vocational Education and Employment
PISA	Programme for International Student Assessment
PKC	Cross-Sectoral Co-ordination Centre
RIS3	Research and Innovation Strategies for Smart Specialisation
SEA	State Employment Agency (NVA)
SEC	Sectoral expert councils (NEP)
SEDA	State Education Development Agency (VIAA)
SEQS	State Education Quality Service (IKVD)
SME	Small and medium-sized enterprise
STEM	Science, technology, engineering and mathematics

Executive summary

OECD-Latvia collaboration on the OECD Skills Strategy project

This National Skills Strategy (NSS) project analyses the performance of Latvia's skills system and provides tailored recommendations for improving. This analysis and advice will support the development of Latvia's National Medium-term Strategy for Education and Skills for 2021-2027. The project was launched at the Skills Strategy Seminar in Riga in September 2018 with the Latvian Minister and State Secretary of Education and Science and representatives from the Ministry of Education and Science, Ministry of Welfare, Ministry of Economics, Cross-Sectoral Co-ordination Centre, employer associations, trade unions and the European Commission. Two workshops were held in February and May 2019 that convened a wide range of stakeholders, including unions, employers, sectoral training providers, education institutions, academics and government representatives. Eight focus groups and bilateral meetings with stakeholders and experts also took place. This process provided input and shaped the recommendations featured in this current report.

Key findings and opportunities for improving Latvia's performance

Four important themes emerged from this project:

- **Building capacity to improve the teaching workforce**: Latvia has engaged in an ambitious curriculum reform that involves a transition to a competency-based curriculum to better equip students with the skills they need to thrive in the 21st century. For this initiative to bear fruit, the skills of the ageing teaching workforce must be updated, the selection of candidates to the teaching profession should be reviewed, and a new life cycle approach to professional development, which is tightly linked to teacher appraisal, must be set out.
- **Ensuring a sustainable funding mechanism for adult learning**: Latvia has piloted many projects related to adult learning that are largely financed by European Structural Funds. This has allowed Latvia to expand counselling services for adults, support companies with providing training and upgrade the infrastructure of the vocational education competence centres, among other programmes. In order for these initiatives to be sustainable in the long term, funding sources should be broadened. Latvia could consider piloting a shared training fund in some sectors that employers contribute to and can draw from.
- **Creating incentives to retain and attract skilled workers**: Population ageing combined with the high emigration of skilled workers pose serious challenges to Latvia's ability to respond to changing skills demand. Skills shortages have increased in recent years and are evident in certain high-skilled occupations including engineers, various types of professionals and top managers. In response to these shortages, Latvia needs to improve working conditions and stimulate wage growth in high-demand occupations, while also taking a more active approach to recruiting foreign talent.
- **Monitoring and building capacity for coherent skills policies**: The institutions and individuals involved in Latvia's skills system require sufficient human and financial resources to fulfil their roles

and collaborate with each other. To ensure that skills policies are co-ordinated, the state needs to better understand and respond to current capacity constraints in ministries, agencies and municipalities, as well as among key stakeholder groups. Government and social partners should form partnerships and invest to build their capacity for evidence-based, innovative and coherent skills policies.

The OECD and the Latvian Government identified four priority areas for improving Latvia's skills performance. The key findings and opportunities for improvement in each of these areas are summarised below, and are elaborated in subsequent chapters.

Priority 1: Strengthening the skills outcomes of students (Chapter 2)

Ensuring that young people get a good start in schools is a key investment in the future economic prosperity and well-being of countries. In Latvia, the government dedicates a significant share of its expenditure to education, which denotes a commitment to providing access to quality education and translates into high enrolment rates.

Latvia has opportunities to further strengthen the skills outcomes of students by:

- Building capacity to improve the teaching workforce
- Fostering continuous quality improvement from early childhood education and care (ECEC) to secondary education
- Improving equity between urban and rural areas
- Strengthening vocational education and training (VET).

Priority 2: Fostering a culture of lifelong learning (Chapter 3)

A strong adult learning culture is imperative if Latvia wishes to ensure that all individuals are ready to upgrade their existing skills or acquire new skills to adapt to new challenges and opportunities, and thrive in an increasingly complex world. Fostering adult learning is a priority for Latvia as it seeks to reach the European Union benchmark of a 15% participation rate by 2020.

Latvia has opportunities to foster a lifelong learning culture by:

- Raising awareness about adult learning
- Reducing barriers to adult learning
- Expanding the provision of adult learning
- Raising the quality of adult learning.

Priority 3: Reducing skills imbalances in the labour market (Chapter 4)

As the skills needed in the labour market continue to evolve due to globalisation, digitalisation and demographic change, reducing skills imbalances remains a pressing policy priority. Most employers report that skills shortages are a major obstacle to long-term investment decisions. Shortages appear particularly acute in science, technology, engineering and mathematics (STEM), and health fields. The emigration of highly educated workers from Latvia is a significant challenge that has contributed to these shortages.

Latvia has opportunities to reduce skills imbalances in the labour market by:

- Strengthening the responsiveness of the tertiary education system to changing skills demand
- Retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions
- Facilitating internal mobility and attracting skilled workers from abroad.

Priority 4: Strengthening the governance of the skills system (Chapter 5)

Effective governance arrangements are the foundation of Latvia's performance in developing and using people's skills. The success of skills policies depends on the actions of a wide range of actors and sectors at national and local levels. Latvia's Education and Skills Strategy 2021-2027 will provide an opportunity to mobilise these actors and co-ordinate their efforts. Co-operation with and between municipalities on skills policy is not systematic, and could be strengthened in the context of Latvia's administrative territorial reforms.

- Strengthening strategies and oversight for skills policy
- Improving co-operation at different levels of government and with stakeholders
- Building an integrated monitoring and information system on skills
- Raising, targeting and sharing investments in lifelong learning.

1 Key insights and recommendations

This chapter introduces the OECD Skills Strategy project and summarises the performance of the Latvian skills system. In view of these findings, four priority areas for action have been identified in Latvia. This chapter introduces these priority areas and recommendations, which are examined in greater detail in subsequent chapters. In addition, this chapter provides an overview of the policy context of the Latvian skills system, including descriptions of long-term policy goals and recent and new reforms related to skills and education.

Skills matter in the context of demographic change, digitalisation, and globalisation

The economy of Latvia has regained strength following the financial crisis of 2008. The implementation of several structural reforms has led to robust economic growth in recent years, and in 2017, GDP surpassed pre-crisis levels. The economy is currently expanding at a higher rate than the OECD average, and incomes in Latvia are catching up with higher income OECD countries. The economy, however, is still facing several challenges that may affect future economic growth and well-being.

The success of Latvia today is largely the result of the implementation of successful policies by Latvia in the past. Continued success – especially in the context of a rapidly changing world – will require that Latvia take steps to further strengthen its policies to ensure that its people have opportunities to develop relevant skills[1] and use them fully and effectively in work and society.

One of the main challenges for Latvia is the shrinking share of working-age population (OECD, 2018[1]), which is largely driven by the emigration of mostly young Latvians and low birth rates. This trend is reducing the contribution of labour utilisation to economic growth, which means that productivity growth will be an even more important driver of economic growth in the future. This will put more pressure on the need to raise workers' productivity.

In addition, the nature of many jobs will change following digital innovations such as machine learning, big data and artificial intelligence (AI). The OECD estimates that on average across OECD countries, about 14% of workers face a high risk of seeing their jobs automated, and another 32% face significant changes in their job tasks due to automation (Nedelkoska and Quintini, 2018[2]). It is projected that economic growth in Latvia will mainly come from the use of new technological processes, digitalisation (Industry 4.0 concept) and the optimisation of processes, with the strongest job growth in high and medium-high technology sectors (e.g. information and communication), and occupations requiring high skill levels.

Contributing further to the uncertainties associated with technological change is the continuing expansion of international trade and global value chains. New technologies and trade liberalisation are contributing to the outsourcing of certain forms of work, especially at the lower end of the value chain. For Latvia, like all OECD countries, this has strongly affected the competitiveness and success of different economic sectors, as well as the supply of jobs and demand for skills in the labour market (OECD, 2017[3]; OECD, 2017[4]).

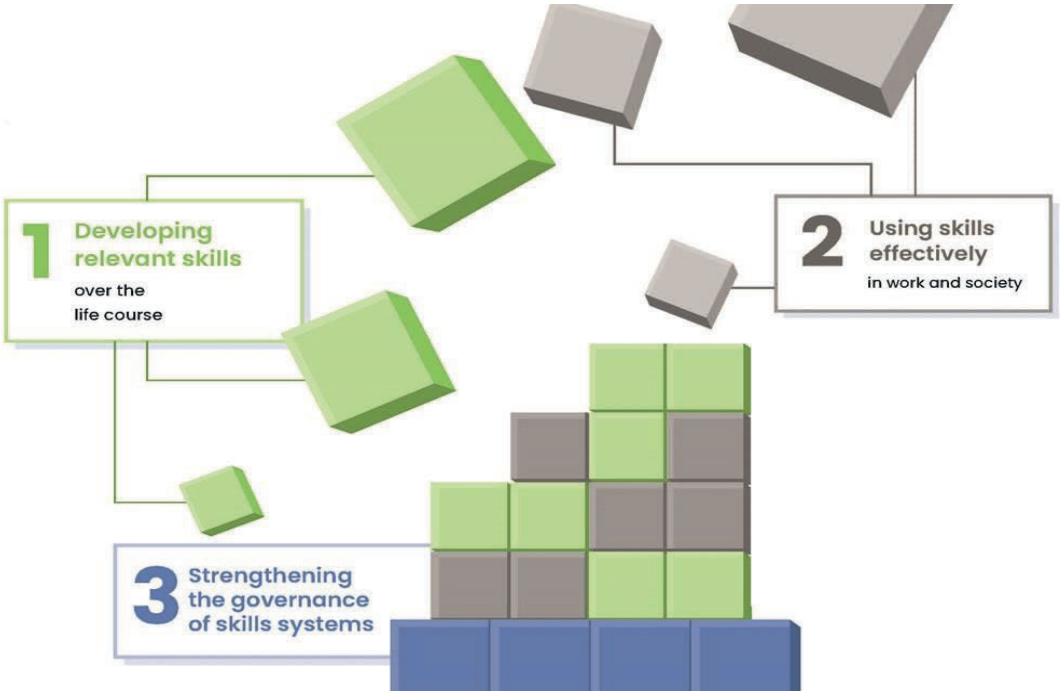
A highly skilled population will be key to the ability of Latvia and its people to thrive in this interconnected and rapidly changing world. People will increasingly need to upgrade their skills to perform new tasks in their existing jobs or acquire new skills for new jobs. Strong foundational skills will make people more resilient to changing skills demand, and digital, transversal, social and emotional, and job-specific skills, – will become essential for adults to succeed in both work and life. As stressed by the first principle of the European Pillar of Social Rights[2], high-quality and inclusive education, training and lifelong learning should be accessible for everyone to enable full participation in society and to successfully manage transitions in the labour market.

The OECD Skills Strategy project in Latvia

OECD Skills Strategy projects provide a strategic and comprehensive approach to assess countries' skills challenges and opportunities, and build more effective skills systems. The OECD works collaboratively with countries to develop policy responses tailored to each country's specific skills challenges and needs. The foundation of this approach is the OECD Skills Strategy Framework (Figure 1.1), the components of which are:

- **Developing relevant skills over the life course.** To ensure that countries are able to adapt and thrive in a rapidly changing world, all people need access to opportunities to develop and maintain strong proficiency in a broad set of skills. This process is lifelong, starting in childhood and youth and continuing throughout adulthood. It is also "life-wide", occurring not only formally in schools and higher education, but also non-formally and informally in the home, community and workplaces.
- **Using skills effectively in work and society.** Developing a strong and broad set of skills is just the first step. To ensure that countries and people gain the full economic and social value from investments in developing skills, people also need opportunities, encouragement and incentives to use their skills fully and effectively at work and in society.
- **Strengthening the governance of skills systems.** Success in developing and using relevant skills requires strong governance arrangements to promote co-ordination, co-operation and collaboration across the whole-of-government; to engage stakeholders throughout the policy cycle; to build integrated information systems; and to align and co-ordinate financing arrangements. The OECD Skills Strategy project for Latvia supports this by forming an inter-ministerial National Project Team, to support a whole-of-government approach to skills policies, and by engaging a large number of stakeholders in two large workshops (the Assessment and Recommendations workshops) and focus group meetings.

Figure 1.1. OECD Skills Strategy Framework



Source: OECD (2019[5]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, https://dx.doi.org/10.1787/9789264313835-en.

Four important themes emerged over the course of the project

Four important themes for Latvia emerged from the widespread engagement and analysis undertaken in relation to the three components of the OECD Skills Strategy mentioned above:

- **Building capacity to improve the teaching workforce**: Latvia has engaged in an ambitious curriculum reform that involves a transition to a competency-based curriculum to better equip

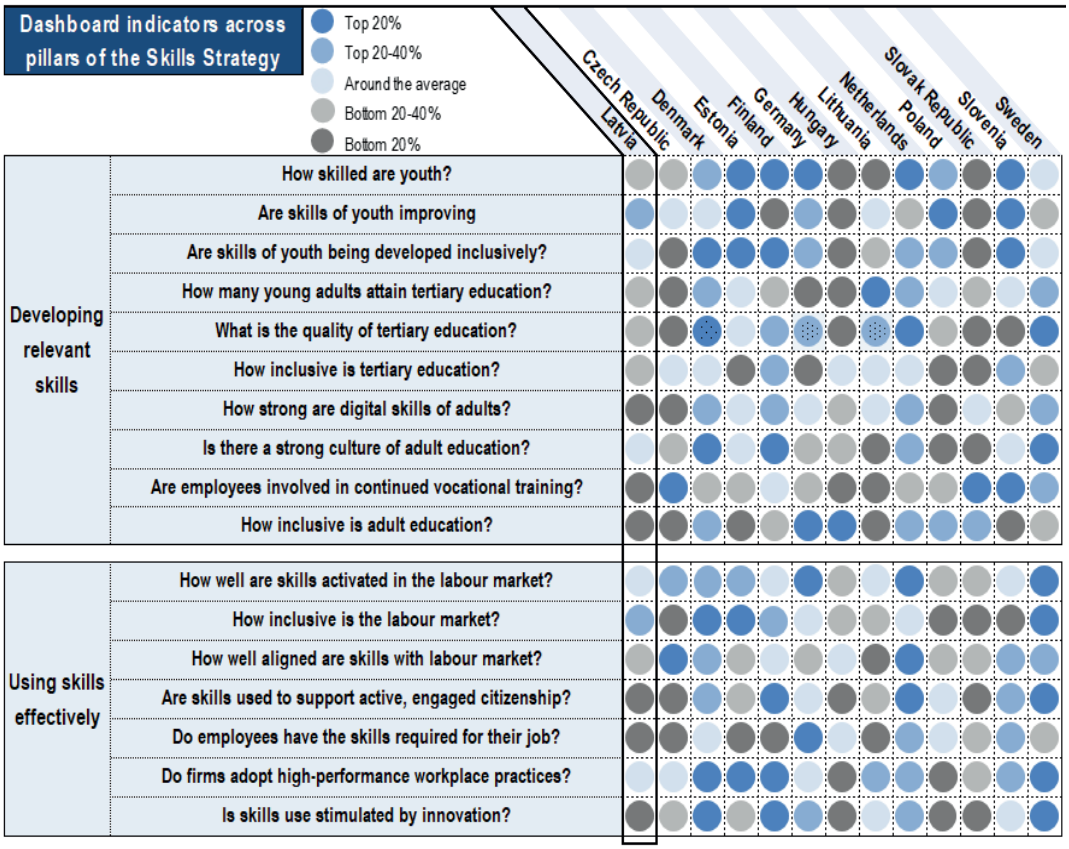
students with the skills they need to thrive in the 21st century. For this initiative to bear fruit, the skills of the ageing teaching workforce must be updated, the selection of candidates to the teaching profession should be reviewed, and a new life cycle approach to professional development, which is tightly linked to teacher appraisal, must be set out.

- **Ensuring a sustainable funding mechanism for adult learning**: Latvia has piloted many projects related to adult learning that are largely financed by European Structural Funds. This has allowed Latvia to expand counselling services for adults, support companies with providing training and upgrade the infrastructure of the vocational education competence centres, among other programmes. In order for these initiatives to be sustainable in the long term, funding sources should be broadened. Latvia could consider piloting a shared training fund in some sectors that employers contribute to and can draw from.
- **Creating incentives to retain and attract skilled workers**: Population ageing combined with the high emigration of skilled workers pose serious challenges to Latvia's ability to respond to changing skills demand. Skills shortages have increased in recent years and are evident in certain high-skilled occupations including engineers, various types of professionals and top managers. To retain talent and attract skilled workers, Latvia needs to improve working conditions and stimulate wage growth in high-demand occupations, while also taking a more active approach to recruiting foreign talent.
- **Monitoring and building capacity for coherent skills policies**: The institutions and individuals involved in Latvia's skills system require sufficient human and financial resources to fulfil their roles and collaborate with each other. To ensure that skills policies are co-ordinated, the state requires a better understanding of current capacity constraints in ministries, agencies and municipalities, as well as among key stakeholder groups. Government and social partners should form partnerships and invest to build their capacity for evidence-based, innovative and coherent skills policies.

Performance of the Latvian skills system

The OECD Skills Strategy Dashboard provides an overview of the relative performance of countries across the dimensions of the OECD Skills Strategy (as presented in Figure 1.2). For each dimension of the strategy there are a number of indicators, which sometimes are composite indicators made up of a number of other indicators. They provide a snapshot of each country's performance (see Annex 1.A for indicators and method).

Figure 1.2. Skills Strategy Dashboard: Latvia and selected European countries



Note: These summary indicators are calculated as a simple average of a range of underlying indicators (see Annex 1.A for indicators). All underlying indicators have been normalised in a way that implies that a higher value and being among the "top 20%" reflects better performance. Only aggregated indicators are presented for which more than half of the underlying indicators have data available. The "x" indicates insufficient or no available data, and dotted circles indicate missing data for at least one underlying indicator. This version of the Dashboard is specifically developed for OECD-EU countries as a response to the lack of data for Latvia in the Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC). As a result, the outcomes of performance indicators in this Dashboard are not comparable with the outcomes as presented in the OECD Dashboard included in the OECD Skills Strategy 2019.

Developing relevant skills

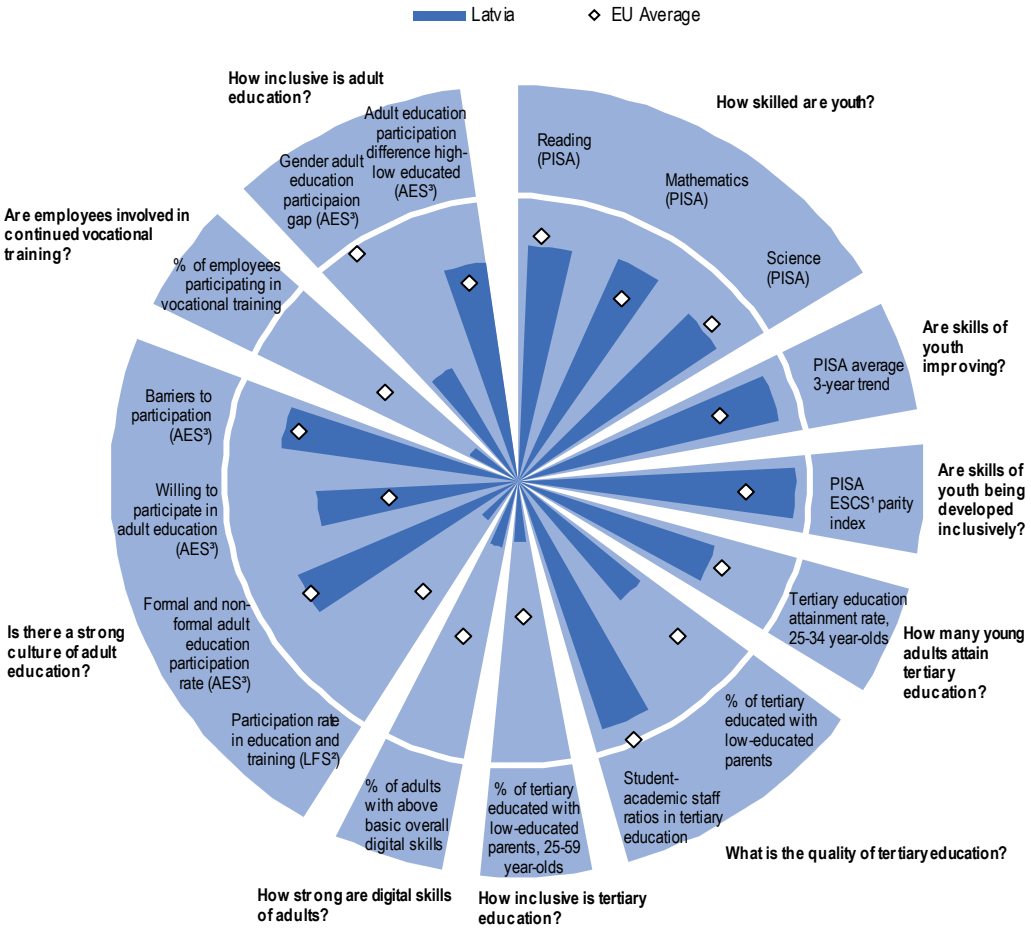
Despite good progress, Latvia has considerable room to further develop the skills of its youth

Figure 1.3 presents the key indicators of the dimension 'Developing relevant skills' in the Dashboard presented above, and shows the mixed overall performance of Latvia in skills development. Despite improvements in recent years, scores from the Programme for International Student Assessment (PISA) for Latvian 15-year-olds in science, reading and mathematics are all slightly below the OECD averages (OECD, 2016[6]). Moreover, only 8.3% of Latvian students are top performers, which is lower than the OECD average (15.3%) and below neighbouring countries Estonia (20.4%) and Lithuania (9.5%). While the impact of socio-economic factors on student performance is below the OECD average, there are still performance gaps between groups (urban vs. rural; boys vs. girls) in all levels of education, from primary to secondary education. Vocational education and training (VET) could be strengthened in Latvia by reducing drop-out rates (17% of VET students dropped out in 2014/2015) and improving participation and the quality of education. Responding to these challenges requires a whole-of-government approach with

the involvement of all levels of government, as well as close collaboration with relevant stakeholders such as education institutions and teacher associations.

Figure 1.3. Key indicators for developing relevant skills

Normalised scores from 0 to 10, (0=minimum, 10=maximum) based on relative position in range of scores among countries, where a higher value reflects better performance



How to read this chart: The normalised scores indicate the relative performance, 0 for weakest performance and 10 for strongest performance across OECD countries. The further away from the core of the chart, the better the performance. For example, indicator 'Share of employees participating in CVT courses, 2015' has a low score in Latvia, indicating a share of employees participating in CVT courses near the bottom of the country ranking.

1. Economic, social and cultural status (ESCS).
2. Labour force survey (LFS).
3. Adult Education Survey (AES).

Note: See Annex 1.A for an explanation of sources and methodology.

StatLink https://doi.org/10.1787/888934035417

Educational attainment is high, but challenges remain

Unlike many OECD countries, almost all Latvians are educated to at least upper secondary level – only 12.4% of adults had not attained upper secondary education in 2017, compared with 20.7% in the OECD. In addition, Latvia has significantly increased participation in tertiary education. While in 2005 only 21.7% of 25-34 year-olds attained tertiary education, this share almost doubled to 41.6% in 2017, which is slightly below the OECD average of 44.5%. Despite this improvement, much can be done to improve access to

tertiary education for students from disadvantaged socio-economic backgrounds. Men are currently significantly lagging behind women – for 25-34 year-old men, only 29.8% attained tertiary education, compared with 53.9% of women.

In addition, despite recent improvements in the quality of tertiary education (for instance in the accreditation and licensing system for study programmes), Latvia should continue to make an effort to ensure high quality tertiary education. While an increasing number of Latvians enter tertiary education, there is a need to adjust the system to the demographic trends, fiscal realities, evolving labour market needs and wider national priorities. In addition, the quality of research can be improved in several areas, as demonstrated by the below average share of frequently cited scientific publications.

Skills of adults could be improved through a stronger culture of adult learning

Latvia needs to improve the skills of its population to meet the challenges of the future. Jobs will require higher levels of skills, and basic digital skills are becoming essential to be successful in work and life. Meeting this challenge will mean not only improving the skills performance of youth, but also helping adults to develop stronger skills. Many adults do not currently have the skills needed to adapt to these developments, for instance, only half the adult population has at least basic digital skills.

A culture of lifelong learning could support adults in adjusting to this change in skills demand. The Dashboard shows around average performance for Latvia in terms of developing a culture of lifelong learning, but this hides mixed performance across different measures of participation. The EU Labour Force Survey (LFS) shows that in 2018 only 6.7% of Latvian adults had participated in education and training in the last four weeks – a share below both the EU average (11.1%) and the EU target for 2020 (15%) (Eurostat, 2018[7]). However, other surveys present more positive results, including the EU Adult Education Survey (AES). The AES, which measures participation within a year, showed a strong increase in participation between 2011 and 2016, and participation rates comparable with the EU average.

Strengthening the motivation of Latvian adults to learn will be important. Like most OECD countries, most adults in Latvia are not willing to participate in education and training (Eurostat, 2016[8]). More than one in three adults did not participate and did not want to participate in the last 12 months, and almost half of the adults who did participate in education and training indicated not willing to participate in more. High-quality information on learning opportunities and the benefits of learning could help to raise motivation. However, even when Latvian adults are willing to participate, they face obstacles, and even more so than in most OECD-EU countries. In 2016, 48% of adults who were willing to but didn't participate in education and training considered costs as a barrier, and for 42% the work schedule was an obstacle to participation (Eurostat, 2016[8]).

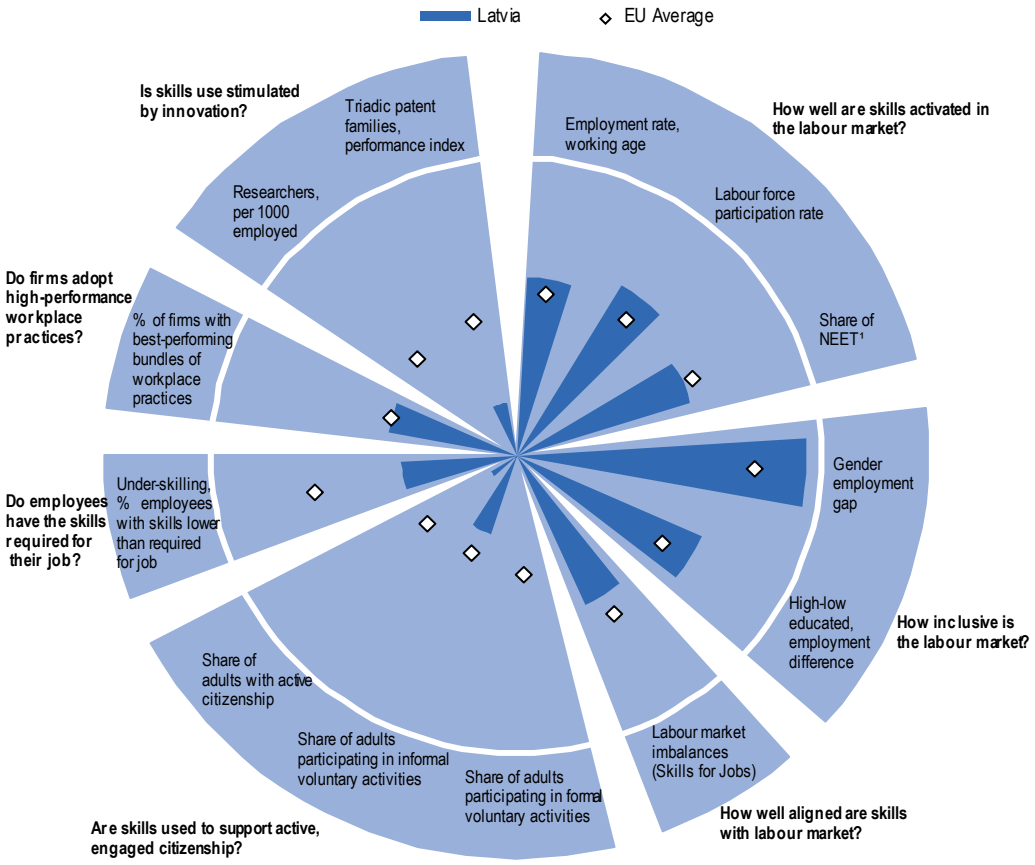
Using skills effectively

The skills of many Latvians are underutilised in the labour market

Despite a strong increase in the employment rate in recent years, the unemployment rate was still 7.4% in 2018, which is high compared to the OECD average of 5.3% (OECD, 2018[9]) (Figure 1.4). Adults living in rural areas, especially in the eastern regions of Latvia, such as Latgale, are particularly affected by high unemployment, which can be double the national average or more. In addition, the rate of unemployment for younger generations is comparatively high, and a relatively high share of 15-29 year-olds is not in education employment or training (14.4% vs. 13.9% in the OECD in 2016). Long-term unemployment is above OECD levels – 38% of unemployed adults have not worked for at least one year, compared with 31% across OECD countries (OECD, 2018[10]). However, the labour market is still relatively inclusive, with differences in employment between men and women among the smallest in the OECD, and those who are both high and low educated benefiting from employment opportunities (OECD, 2018[9]).

Figure 1.4. Key indicators for using skills effectively

Normalised score from 0 to 10, (0=minimum, 10=maximum) based on relative position in range of scores among countries, where a higher value reflects better performance



How to read this chart: The normalised scores indicate the relative performance, 0 for weakest performance and 10 for strongest performance across OECD countries. The further away from the core of the chart, the better the performance.
1. Youth not in employment education or training (NEET).
Note: See Annex 1.A for an explanation of sources and methodology.

StatLink https://doi.org/10.1787/888934035436

Skills imbalances in the Latvian labour market hamper growth

High emigration and population ageing have contributed to widespread labour and skills shortages. Over two-thirds of employers report that skills shortages are a major obstacle to long-term investment decisions (EIB, 2017[11]), and these shortages appear particularly acute in science, technology, engineering and mathematics (STEM), as well as in health and social welfare. About 21% of adult employees report having higher skills than necessary for their job, while 10% report having too low skills for their job, according to Cedefop's Skills Panorama (Cedefop, 2019[12]). By international comparison, however, this rate of under-skilling is high, and is only higher in Estonia (15%) and Lithuania (12%). High emigration and population ageing may push employers to hire workers who do not have the skills or qualifications necessary for the job, because they cannot find workers who match their needs. Latvia can make large gains in productivity by reducing skills imbalances in the labour market, including by strengthening the responsiveness of the tertiary education system to changing skills demand.

Skills can be used more effectively in workplaces, especially to raise productivity

Latvia enjoyed strong productivity growth until the early 2000s; however, as in many OECD countries, productivity growth has slowed significantly in the past decade (OECD, 2017[13]). There is clear evidence that the intensive use of skills in workplaces is associated with higher productivity, but various indicators suggest that Latvia is not fully benefiting from the skills developed. Not only do many employees not have the right skills for their job (Cedefop, 2019[12]), but employee engagement could also be improved as a comparatively large share of employees do not feel involved in improving or influencing their work (Eurofound, 2015[14]). Skills are also not being used as intensively as they might be outside of the workplace. This is partly demonstrated by very low participation in voluntary activities and active citizenship.

Technological adoption plays a critical role in achieving productivity gains and supporting demand for skilled workers (OECD, 2017[15]); however, Latvia has been slow to adopt new technologies, and the adoption of workplace practices that support strong overall performance is only average. In addition, Latvia is lagging behind in almost all measures of innovation – the share of researchers and the share of enterprises being innovative are both approximately half the OECD average, and only Chile spends less on research and development than Latvia among OECD countries (OECD, 2018[1]). However, since 2011, Latvia has been among a group of European countries where innovation performance increased the most, and it is of crucial importance to maintain this trend. By enhancing overall innovation, workplaces could improve performance and support the effective application of skills, with all its related social and economic benefits.

Policy context in Latvia

Latvia has a long history of developing strategic policies to address challenges and seize opportunities of societal and economic changes. As part of this tradition, the Latvian Government has already taken various steps to address many of the challenges identified in this chapter. These efforts go in the right direction and have the potential to generate the policy outcomes the country needs to strengthen adult education and training and to more effectively use skills at work and in society.

In the last decade, the Latvian Government has identified various skills and education goals (see Annex Table 1.A.1 for a complete list). These long-term policy initiatives are of a diverse nature with different durations, target groups and topics within the field of education and skills. The most long-term and comprehensive strategy is the Sustainable Development Strategy for 2030 (Latvia 2030), which defines a broad range of development priorities, strategic indicators, objectives, development directions, areas of action and performance indicators.

The National Development Plan of Latvia for 2014-2020 (NDP2020) is hierarchically the highest medium-term development planning document. In addition to this strategy, various mid-term sectoral strategies have been developed, including the Education Development Guidelines for 2014-2020 (EDG2020, the main national level strategy in education), the Latvian Smart Specialisation Strategy, Guidelines on National Industrial Policy for 2014-2020, the Implementation Plan on Adult Education Governance Model 2016-2020, and the inclusive Employment Guidelines 2015-2020. Other strategies have been developed to support EU targets and funding, for instance the Latvian National Reform Programme for the Implementation of “EU 2020” Strategy and the European Structural Funds Operational Programme (OP) “Growth and Employment”. The OP “Growth and Employment” combines supports form different EU funds and aims to provide support to economic growth and employment, with a particular focus on the competiveness of Latvia’s economy. The OP has 11 priority axis and a large number of underlying, specific objectives (SO). Various projects linked to these SO are relevant for this OECD Skills Strategy project and will be discussed in more detail in this report.

The Education Development Guidelines for 2014-2020 (EDG2020) is the mid-term planning document most directly related to the OECD Skills Strategy project. As the main national level strategic document for education development it defines the overarching goal of high-quality, inclusive education for the development of personality, social welfare and sustainable development in Latvia. As EDG2020 terminates in 2020, this OECD Skills Strategy project is intended to support the development of Latvia's new National Medium-term Strategy for Education and Skills for 2021-2027.

The Latvian government recently introduced several reforms and policies in the field of skills and education, many of which are steps in the right direction to address the challenges identified in this chapter and throughout the report (see list in Annex Table 1.B.2). These reforms and policies include various regulations for pre-school education, basic education, secondary education, special education, and vocational education, as well as regulations for higher education, and the opening and accreditation of study directions and study programme licensing. Moreover, a number of regulations have been adopted for teachers, including regarding remuneration, quality assessment, requirements for initial education, professional qualifications, and the improvement of teachers' professional skills. For education institutions, new regulations also focus on their accreditation, funding, standards and examination procedures. These reforms and policies will be addressed in more detail in subsequent chapters.

The most recent initiatives directly related to improving the development and use of skills provide an indication of how actively the Latvian government has worked to address skills challenges.

Priority areas and recommendations

Based on this assessment of the overall performance of the Latvian Skills System and the feedback from the Latvian Government, four priority areas have been identified for the Skills Strategy in Latvia:

1. Strengthening the skills outcomes of students (Chapter 2).
2. Fostering a culture of lifelong learning (Chapter 3).
3. Reducing skills imbalances in the labour market (Chapter 4).
4. Strengthening the governance of the skills system (Chapter 5).

These priority areas will be discussed in detail in subsequent chapters, which present in-depth analysis and findings from two stakeholder workshops, focus group discussions, and bilateral meetings during the project, which all led to a number of concrete recommendations.

Strengthening the skills outcomes of students

Skills are critical to the success of people and of society as a whole, and higher levels of cognitive skills are associated with a number of desirable outcomes. Developing skills at an early age is, therefore, a key investment in the economic prosperity and well-being of countries. Across the OECD, adults with higher literacy proficiency are more likely to be employed, earn high wages, trust others, participate in the democratic process and community life, and report good health than their less-skilled peers. For countries, skills are a key driver of innovation, productivity and, ultimately, economic growth, social cohesion and higher living standards (OECD, 2016[16]).

Developing strong skills in youth not only paves the way to success in higher education and the labour market, but also helps foster a culture of lifelong learning that can shield individuals against technological displacement. Countries whose youth develop strong skills typically also have highly skilled adult populations, as skills outcomes in youth are strongly correlated with success in tertiary education and participating in further learning in adulthood (OECD, 2019[5]). Strengthening student outcomes will be essential for Latvia to achieve its aspirations.

Opportunity 1: Building capacity to improve the teaching workforce

Teachers have been found to be the most important school-related factor explaining student outcomes (Schwartz, Wurtzel and Olson, 2007[17]). Any country aiming to keep its education system internationally competitive needs to recruit, retain, develop and nurture a high-quality teaching force. In its 2005 report, "Teachers Matter: Attracting, Developing and Retaining Effective Teachers", the OECD comprehensively reviewed teacher policies in 25 countries, and confirmed how prevalent the concern is across nations about the supply and quality of teachers (OECD, 2005[18]).

Opportunity 2: Fostering continuous quality improvement from ECEC to secondary education

Evaluation and assessment arrangements are key to improvement and accountability in school systems. Governments and education policy makers are increasingly focused on the evaluation and assessment of students, teachers, school leaders, schools and education systems. These assessments are used as tools to better understand how well students are learning, to provide information to parents and society at large about educational performance, and to improve the school, school leadership and teaching practices (OECD, 2013[19]). Latvia is currently reviewing these arrangements to complete the existing framework and align it to the new curriculum requirements.

Opportunity 3: Improving equity between urban and rural areas

Ensuring equity in education is a key policy challenge in Latvia. Equity in education means that schools and education systems provide equal learning opportunities to all students (OECD, 2018[20]), and Latvia's education system shows a mixed picture in terms of equity. On the one hand, the compulsory education system is relatively inclusive, for example, the impact of socio-economic factors on student performance is below the OECD average. On the other hand, there are wide regional disparities in student outcomes. Latvian students in rural schools have on average lower skills and are less likely to continue further studies. Rural schools face many challenges, including attracting the most talented teachers and preventing drop-out. Furthermore, the declining student population puts pressure on rural schools to remain efficient with low student numbers.

Opportunity 4: Strengthening vocational education and training (VET)

Vocational education and training (VET) plays an essential role in preparing young people for work and responding to the skill needs of the labour market. Latvia estimates that demand for VET graduates will be higher than supply by 2035 (Ministry of Economics, 2018[21]). In recent years, Latvia has undertaken several reforms to strengthen its VET system, including a curriculum reform, the development of educational standards and qualifications, modular VET programmes, teacher training and closer co-operation with employers, and has begun to develop a work-based learning framework based on the results of pilot projects. While these reforms are significant steps in the right direction, there remain important challenges in the VET system, such as the difficulty to attract candidates, and high drop-out rates (Ministry of Economics, 2018[21]).

Opportunity 1: Building capacity to improve the teaching workforce	
Attracting and selecting the best candidates to build a skilled pool of new teachers.	Fully Implement the reviewed teaching standards and ensure that they align with and promote the implementation of the new competency-based curriculum.
Promoting a life cycle approach to professional development.	Consider establishing a separate body to raise the quality of teachers and promote the teaching profession. Develop schools as learning organisations in the long-term to empower teachers to put the curriculum into practice.
Opportunity 2: Fostering continuous quality improvement from early childhood education and care (ECEC) to secondary education	
Reviewing the appraisal system.	Develop occupational standards for school leaders and ECEC support staff, and ensure that developed standards are aligned with the new curriculum.
Strengthening school evaluation.	Consider strengthening the role of the State Education Quality Service to support low-capacity education institutions and municipalities. Establish a procedure for assessing the quality of education for the pre-primary education institutions. Foster greater policy coherence by embedding school evaluation and external evaluation within a broader evaluation and assessment framework that supports the introduction of the new curriculum.
Strengthening system level monitoring.	Develop a common assessment tool to monitor child development and ensure pre-primary education quality. Develop a set of indicators that could flag education institutions in need of support, including low performing education institutions. Finalise and implement a comprehensive monitoring system.
Opportunity 3: Improving equity between urban and rural areas	
Reviewing the school consolidation process.	At the national level, define a set of transparent quantitative and qualitative criteria for decisions-making around consolidating schools, in order to strengthen the founder's responsibility in establishing and operating an efficient school network. Consider designing incentives to motivate highly competent teachers to teach in rural areas.
Ensuring equal access to quality ECEC.	Establish means-tested support from municipalities to reduce the financial burden associated with ECEC.
Opportunity 4: Strengthening vocational education and training (VET)	
Boosting vocational education take-up.	Embed career/learning guidance for students and their parents in the education system.
Reducing the drop-out rates of VET students.	Establish a VET graduate tracking system to improve the tracking of drop-outs.
Improving the quality and labour market relevance of VET.	Mainstream the “Effective management for VET schools” (SO 8.5.3.) project that promotes, among other, teacher and school leader training. Continue strengthening work-based learning implementation. Develop a co-funding instrument to fund Sector Expert Councils for the medium term.

Fostering a culture of lifelong learning

There is a growing need in Latvia to upgrade and reskill regularly in adulthood in the context of technological change, more frequent transitions between jobs, the growth of non-standard forms of work (and by extension less access to employer sponsored training) and the lengthening of working lives. Higher skilled adults typically have higher earnings and employment rates, report better health, feel included in political processes and have more trust in others than low-skilled adults. In this report, the focus is on the notion of a lifelong learning culture as it relates to adults and how much they engage in adult learning.

Adult learning is essential for boosting the skills of adults, and can generate a range of personal, economic and social benefits. According to the OECD Priorities for Adult Learning indicators, which combines a number of different indicators on adult skills, population ageing, automation, structural change and globalisation, Latvia is ranked as the fourth highest country in terms of urgency of getting the adult learning system ready for the future (OECD, 2019[22]).

Opportunity 1: Raising awareness about adult learning

Adult motivation to engage in learning is a key determinant of observed participation levels in adult learning. Motivation is considered to be key for successful adult education engagement (Carr and Claxton, 2002[23]), even more significant than socio-economic background (White, 2012[24]). Raising awareness about the potential benefits of adult learning and how to access it is critical for fostering adult learning. Information about adult learning opportunities needs to feed into awareness raising initiatives and must reach end users in a tailored and user-friendly form. Targeted guidance and counselling services are needed to ensure that end users know how to interpret and act upon the information.

Opportunity 2: Reducing barriers to adult learning

Even when there is motivation to participate in adult learning, external barriers can still make participation difficult for adults. According to the Adult Education Survey, the most significant barriers in Latvia are finances, time and family responsibilities. There are a number of different financial instruments that can help reduce the cost of adult learning. For employed adults, finding the time for adult learning can be challenging. For this target group, participation in adult learning could be raised through creating incentives for employers to invest and support adult learning for their employees. Those with family responsibilities, in particular adults with young children, may find it difficult to combine raising children with participating in training. This highlights the importance of having childcare options available during training times.

Opportunity 3: Expanding the provision of adult learning

Participation in formal adult education in Latvia is below the average. Improving the provision of adult learning opportunities in formal adult education could raise the overall participation rate. With population ageing and emigration combining to decease the size of Latvia's traditional student population, it is in the long-term interest of these institutions to expand their course offering to adult learners. VET schools, in particular the Vocational Education Competence Centres, as well as tertiary institutions could train their staff to accommodate adult students, tailor their course offerings to the specific needs of adults, deliver courses in flexible and modular formats and play a proactive role in reaching out to adult learners.

Opportunity 4: Raising the quality of adult learning

Simply raising awareness, removing barriers and expanding the provision of adult learning opportunities do not guarantee strong adult learning outcomes: it is also critical to have high-quality adult learning programmes. Evidence suggests that countries with high-quality systems for formal and non-formal adult education tend to have higher participation rates in adult learning (Broek and Buiskool, 2013[25]). Quality criteria in particular for non-formal adult education are needed. Relevant stakeholders could be engaged in order to determine together how to measure the quality criteria, how to evaluate and monitor them and how to support adult learning staff to implement them.

Recommendations for fostering a culture of lifelong learning

Opportunity 1: Raising awareness about adult learning	
Raising the level of motivation among adults.	Co-ordinate awareness raising campaigns targeting unmotivated adults about the value of adult learning through a central body that fosters co-operation across ministries and between government and stakeholders.
Improving guidance and counselling.	Improve guidance and counselling through a sustainable funding model. Provide ongoing training for guidance counsellors.
Opportunity 2: Reducing barriers to adult learning	
Providing financial means to reduce the cost of adult learning.	Explore piloting a shared training fund in some sectors that employers contribute to and can draw from.
Encouraging employers to enable participation in adult learning during working hours.	Explore the viability of introducing a mandatory requirement for employers to provide or support participation in adult learning for their employees.
Providing complementary social policies to make adult learning feasible for those with family responsibilities.	Promote collaboration between adult learning providers and municipalities to provide childcare options near to adult learning programmes.
Opportunity 3: Expanding the provision of adult learning	
Expanding the provision of adult learning in VET, especially Vocational Education Competence Centres.	Strengthen the management and pedagogical capacity of the VET schools, in particularly Vocational Education Competence Centres to deal with adult students.
Expanding the provision of adult learning in tertiary education.	Promote a strategic role of tertiary education institutions to engage adult learners.
Opportunity 4: Raising the quality of adult learning	
Raising the quality of adult learning.	Work with relevant stakeholders to define quality criteria, particularly in non-formal adult education.

Reducing skills imbalances in the labour market

Skills imbalances imply costs for individuals, firms and the economy as a whole. As the skills needed in the labour market continue to undergo changes due to globalisation, digitalisation, and demographic change, reducing skills imbalances remains a pressing policy priority. In Latvia, the emigration of highly-educated workers is a significant challenge and has contributed to skills shortages. Most employers report that skills shortages are a major obstacle to long-term investment decisions (EIB, 2017[11]). These shortages appear particularly acute in STEM fields but also in occupations related to health and social welfare. The share of Latvian workers who are under-skilled for their jobs is high by international standards, and 18% of workers are under-qualified (compared to 12% who are over-qualified). De-population may push employers to hire workers who do not have the skills or qualifications necessary for the job, because they cannot find workers who do. Addressing skills imbalances has been a key challenge for Latvia in recent years, and has been highlighted in several national policy planning documents (Latvia2030, NDP2020, Guidelines on National Industrial Policy for 2014-2010).

Opportunity 1: Strengthening the responsiveness of the tertiary education system to changing skills demand

There is room for improvement in aligning tertiary education to changing skill needs. Latvia has already taken steps to steer education investments towards in-demand skills through financial incentives and funding mechanisms. Better collaboration between higher education institutions and employers is needed, as well as efforts to extend work-based learning opportunities to tertiary education, and to raise awareness about the importance of career guidance among university management.

Opportunity 2: Retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions

The emigration of highly educated workers is a major challenge for Latvia, and contributes to skills shortages. To stem the flow of highly educated emigrants out of the country, Latvia should improve overall job quality in all occupations, but particularly in high-demand occupations. Job quality improvements would make Latvia a more attractive place to work for return migrants, as well as other skilled workers from abroad – both of which could help to alleviate skills shortages.

Opportunity 3: Facilitating internal mobility and attracting skilled workers from abroad

To address skills shortages in the context of a declining population, Latvia should facilitate internal mobility and to attract workers from abroad who have the skills necessary to fill positions in shortage occupations. Latvia needs to make the most of its existing skills supply by creating favourable conditions for internal labour mobility. Latvia could also develop policies to attract skilled workers from abroad who have the skills needed to fill positions in shortage occupations.

Recommendations for reducing skills imbalances in the labour market

Opportunity 1: Strengthening the responsiveness of the tertiary education system to changing skills demand	
Fostering collaboration between tertiary education institutions and industry.	Build the capacity of SECs to engage in updating and designing curricula in tertiary education.
Encouraging employers to provide work-based learning.	Assist employers in pooling the responsibilities of providing work-based learning opportunities in tertiary education.
Raising awareness about the role of career guidance in tertiary education.	Raise awareness among university management concerning the importance of career guidance services.
Opportunity 2: Retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions	
Upgrading to higher value-added activities in global value chains.	Support SMEs who face constraints in moving to higher value-added activities.
Improving the use of skills in the workplace.	Support SMEs in making optimal use of their employees' skills.
Improving access to social protections.	Strengthen collective agreements and union coverage to give workers the capacity to negotiate better wages.
Opportunity 3: Facilitating internal mobility and attracting skilled workers from abroad	
Facilitating internal mobility.	Facilitate internal labour mobility by addressing rental housing market barriers.
Attracting skilled workers from abroad.	Develop Latvia's "smart migration" policy. Increase the supply of job-oriented language training.

Strengthening the governance of the skills system

Effective governance arrangements are the foundation of Latvia's performance in developing and using people's skills. In many regards, skills policy is fundamentally different from other policy areas. On the one hand, investing in skills is widely popular across different electoral and political constituencies (Busemeyer et al., 2017[26]) as the benefits for economic development and social inclusion are broadly recognised. On the other hand, skills policy is more complex than many other policy areas because it is located at the intersection of education, labour market, industrial and other policy domains. Therefore, the success of policies to develop and use skills typically depends on a wide range of actors, including different levels of government, learners, educators, workers, employers and trade unions.

Effective governance of Latvia's skills system requires effective whole-of-government co-ordination, stakeholder engagement, information systems and funding arrangements. Whole-of-government co-ordination between ministries and with subnational authorities helps to ensure that skills policies are coherent, efficient and successfully implemented. Government engagement with employers, trade unions, education and training providers, civil society organisations, etc. in skills policy-making enables policy

makers to access on-the-ground expertise and can foster support for implementation. Building integrated information systems harnesses the potential of skills and learning data to optimise the design and implementation of skills policies. Aligning and co-ordinating financing arrangements is essential to ensure that skills funding is sufficient, well targeted and sustainable in the long term.

Opportunity 1: Strengthening strategies and oversight for skills policy

Effective strategy and oversight bodies are part of the "enabling conditions" to support a whole-of-government approach to skills policy, and are necessary for stakeholder engagement, integrated skills information and co-ordinated financing. Latvia has numerous high-level strategies covering different aspects of skills development and use. However, Latvia lacks a shared and integrated vision for skills to steer diverse government actors and stakeholders in the same direction. Responsibility for overseeing skills policies is fragmented across a large number of inter-ministerial and cross-sectoral bodies in Latvia, with no single body responsible for skills development and use. In some instances, Latvia's oversight bodies lack analytical capacity and support, decision-making authority and/or accountability to ensure they effectively co-ordinate and improve skills policy making.

Opportunity 2: Improving co-operation at different levels of government and with stakeholders

Effective co-ordination between Latvia's ministries, agencies, and municipalities (*novadi*) will be essential for implementing lifelong learning and integrating skills and learning information. Latvia has a range of government rules and procedures in place for inter-ministerial co-ordination, and these are generally effective. However, Latvia can strengthen inter-ministerial co-ordination of skills policies by moving beyond mere co-ordination, to partnerships in which ministries co-design, co-fund and/or co-deliver skills policies and programmes. Sub-national authorities have lacked representation in national fora, performance based national regulation and softer vertical co-ordination mechanisms (such as agreements). Capacity constraints at both levels of government limit vertical co-ordination. Despite various promising examples, subnational co-operation on skills policies could be more systematic and substantive. In policy making, stakeholder engagement is common but its impact and quality appears limited, in part because some stakeholder groups lack engagement capacity.

Opportunity 3: Building an integrated monitoring and information system on skills

As skills systems evolve and become more complex, managing data and information on skills and learning becomes a key policy issue. Effective information systems can inform the decisions of learners, education providers, firms and policy makers, and ultimately help diverse actors form a shared understanding of the challenges, opportunities and priorities for skills. Latvia has many systems in place to generate skills information, which it continues to develop. However, there are information gaps on some forms of learning, educational expenditure and, especially, the performance of learning providers and programmes. Information on available learning opportunities and skills needs could be better integrated and more user friendly. Stakeholders could play a greater role in validating skills needs information. Finally, government lacks capacity to make full use of available skills and learning information in policy making.

Opportunity 4: Raising, targeting and sharing investments in lifelong learning

Governments, individuals and employers need to work together to share the costs of investing in lifelong learning. Government alone cannot shoulder these costs, but certain individuals and firms are unlikely to invest in learning without external support. Latvia spends less on educational institutions per student than the OECD average, at all levels of formal education. Employers and individuals spend relatively little on tertiary and adult education and training. Latvia is highly reliant on state funds for formal, first-chance education, and on European Structural and Investment Funds in adult learning. Latvia lacks a clear

framework or agreement on how to sustainably share the costs of funding lifelong learning between government, employers and individuals. Funding for lifelong learning in Latvia is not allocated based on strong evidence about which programmes work best. It could also be allocated more equitably across regions.

Recommendations for strengthening the governance of the skills system

Opportunity 1: Strengthening strategies and oversight for skills policy	
Creating a comprehensive and influential education and skills strategy.	Ensure that Latvia's medium-term Strategy for Education and Skills 2021-2027 clarifies skills concepts, covers lifelong learning and skills use, and builds accountability.
Ensuring effective oversight of the education and skills strategy.	Appoint a whole-of-government and cross-sectoral steering group with decision-making capacity to oversee the Strategy for Education and Skills 2021-2027.
Opportunity 2: Improving co-operation at different levels of government and with stakeholders	
Strengthening the inter-ministerial co-ordination of skills policy.	Strengthen the Cross-Sectoral Coordination Centre's and Employment Council's roles in the inter-ministerial co-ordination of skills policy.
Strengthening co-ordination between the state and municipalities on skills policy.	Strengthen co-ordination between national and subnational authorities on skills policy in the context of Latvia's administrative territorial reform. Strengthen civil servants' capacity to fulfil their roles to co-ordinate and collaborate on skills policy.
Strengthening co-operation on skills policy at the subnational level.	Give subnational bodies a greater role in co-ordinating skills policy, while supporting the spread of good inter-municipal co-operation practices. Provide financial incentives for inter-municipal and public-private partnerships to deliver skills services.
Improving stakeholder engagement with skills policy makers and providers.	Build the trust and capacity of stakeholders, while supporting the spread of good engagement practices.
Opportunity 3: Building an integrated monitoring and information system on skills	
Improving information on learning participation, expenditure, outcomes and opportunities.	Develop a comprehensive dataset on lifelong learning, building on the VIIS and BURVIS databases. Consider merging and building upon existing portals to develop an integrated, comprehensive and user-friendly online portal about education and training opportunities, qualifications and guidance services.
Improving the quality and use of skills needs information.	Develop a comprehensive skills assessment and anticipation system with input from, and shared oversight by, social partners. Strengthen the role of sectoral expert councils with the support from industry to validate and provide high quality information on sectoral skill needs and trends. Build government's capacity in order to improve the use of skills and learning data and information in evidence-based policy making.
Opportunity 4: Raising, targeting and sharing investments in lifelong learning	
Ensuring sufficient, shared and stable expenditure on lifelong learning.	Develop a cross-sectoral funding agreement for lifelong learning, and allocate state funds towards adult learning.
Increasing the impact and equity of lifelong learning funding.	Increase the impact of lifelong learning funding through greater performance-based funding. Ensure equitable funding for lifelong learning across regions through greater cost- and needs-based funding of municipalities.

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Annex 1.A. OECD Skills Strategy Dashboard

The objective of the OECD Skills Strategy Dashboard for Latvia is to present an overview of the performance of skills systems in OECD countries. It is the starting point for analysis of national skills strategy projects and allows the OECD and the national project team to identify the priority skills policy themes to be covered in greater detail in the report. Presenting the relative position of countries on key skills outcomes, the Dashboard provides a general overview of the Latvian skills systems' strengths and weaknesses. This annex describes the characteristics, presents the indicators and describes the underlying methods for calculating indicators.

Characteristics

The Dashboard is the result of internal consultation and analysis of core indicators used in OECD Skills Strategy projects. It presents a simple, intuitive overview of the outcomes of skills systems that is easy to interpret, and gives a quick impression of a country's skills performance across the dimensions of the OECD skills strategy ("developing relevant skills" and "putting skills to effective use"). The Dashboard applies a broad definition of skills by presenting foundational skills, problem-solving skills and broadness of skill sets, and considers both economic and social outcomes. A total of 30 key outcome indicators were selected and grouped into 17 aggregated indicators (Annex Table 1.A.1).

Indicator selection

The selection of indicators followed a process whereby a longlist of the most commonly used indicators in OECD Skills Strategy reports was gradually reduced to a shortlist of core indicators. This process built on the principle that the indicators describe the core outcomes of the different dimensions of the skills system. In addition, these indicators express outcomes in terms of level, trend, distribution and equity. The indicators need to be comparatively easy to interpret and based on OECD sources, with data as recent as possible. The Dashboard as published in this report, however, is specifically developed for OECD-EU countries as a response to the absence of data from the Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), for Latvia. As shown in Annex Table 1.A.1, many indicators are based on Eurostat data.

Method for the calculation of aggregate indicators

To describe the relative position across countries, a score for each indicator was calculated ranging from 0 to 10, with 0 for the weakest performance and 10 for the strongest performance. This resulted in an indicator that allows comparisons between different types of indicators (e.g. averaging performance of literacy scores and educational attainment). The resulting scores were normalised in such a way that better performance results in a higher score. Subsequently, an unweighted average of the indicators was calculated for each of the aggregates, and these scores were then ranked. The final ranking was separated into five groups of equal size, ranging from top 20% performer to bottom 20% performer.

Annex Table 1.A.1. Dimensions, aggregates and underlying indicators

Dimension/Topic	Indicator	Source
Developing relevant skills		
How skilled are youth?	Reading (PISA[1]), mean score, 2015	OECD (2016), PISA 2015. https://doi.org/10.1787/9789264266490-8-en
	Mathematics (PISA), mean score, 2015	OECD (2016), PISA 2015. https://doi.org/10.1787/9789264266490-9-en
	Science (PISA), mean score, 2015	OECD (2016), PISA 2015. https://doi.org/10.1787/9789264266490-6-en
Are skills of youth improving?	PISA average 3-year trend (reading, maths, science)[2]	OECD (2016), PISA 2015. https://doi.org/10.1787/9789264266490-en
Are skills of youth being developed inclusively?	PISA economic, social and cultural status (ESCS) parity index, 2015	OECD (2016), PISA 2015. https://doi.org/10.1787/9789264266490-10-en
How many young adults attain tertiary education?	Tertiary education attainment rate, 25-34 year-olds, 2017	OECD (2018), Population with tertiary education (indicator). https://doi.org/10.1787/0b8f90e9-en
What is the quality of tertiary education?	Percentage of scientific publications among 10% most cited, 2015	OECD (2017), Science, Technology and Industry Scoreboard 2017. https://doi.org/10.1787/9789264268821-en
	Student-academic staff ratios in tertiary education, 2016	Eurostat (2018), Education administrative data. online data code: [educ_uoe_perp04].
How inclusive is tertiary education?	Share of tertiary educated with low-educated parents, 25-59 year-olds, 2011	Eurostat (2011), EU Survey on Income and living conditions, ad-hoc module 2011. online data code: [ilc_igtp01].
How strong are digital skills of adults?	Share of adults with above basic overall digital skills, 25-64 year-olds, 2017	Eurostat (2018), Survey on ICT usage by households and individuals. online data code: [isoc].
Is there a strong culture of adult education?	Participation rate in education and training, last 4 weeks, 2018	Eurostat (2019), Labour Force Survey 2018. https://doi.org/10.2907/LFS1983-2018V.1
	Formal and non-formal adult education participation rate, last 12 months, 2016	Eurostat (2018), Adult Education Survey 2016. online data code: [trng_aes_12m0].
	Willing to participate in adult education, % of population, 2016	Eurostat (2018), Adult Education Survey 2016. online data code: [trng_aes_12m3].
	Barriers to participation,% of people wanting to participate who didn't, 2016	Eurostat (2018), Adult Education Survey 2016. online data code: [trng_aes_175].
Are employees and enterprises involved in continued vocational training?	Share of employees participating in continuing vocational training (CVT) courses, 2015	Eurostat (2018), Continuing Vocational Training Survey (CVTS). online data code: [trng_cvt_02]
How inclusive is adult education?	Gender (m-v), adult education participation rate difference, 2016	Eurostat (2018), Adult Education Survey 2016. online data code: [trng_aes_100].
	High-low educated, adult education participation rate difference, 2016	Eurostat (2018), Adult Education Survey 2016. online data code: [trng_aes_102].
Putting skills to effective use		
How well are skills activated in the labour market?	Employment rate, working age, 2018	OECD (2018), Employment rate (indicator). https://doi.org/10.1787/1de68a9b-en
	Labour force participation rate, 2018	OECD (2018), Labour force participation rate (indicator). https://doi.org/10.1787/a452d2eb-en
	Youth not in employment, education or training (NEET), % of 15-29 year-olds, 2017	OECD (2018), Youth not in employment, education or training (NEET) (indicator). https://doi.org/10.1787/72d1033a-en
How inclusive is the labour market?	Gender (male - female), diff. employment rate, 2018	OECD (2018), Employment rate (indicator). https://doi.org/10.1787/1de68a9b-en
	High-low educated, diff. employment rate, 2017	OECD (2018), Employment by education level (indicator). https://doi.org/10.1787/26f676c7-en
How well aligned are skills with labour market?	Labour market imbalances indicator[3], 2015/2017	OECD (2018), Skills for Jobs Database. https://www.oecdskillsforjobsdatabase.org/index.php#FR/_

Dimension/Topic	Indicator	Source
Are skills used to support active, engaged citizenship?	Share of adults participating in formal voluntary activities, 2015	Eurostat (2018), Statistics on income and living conditions (EU-SILC). online data code: [ilc].
	Share of adults participating in informal voluntary activities, 2015	Eurostat (2018), Statistics on income and living conditions (EU-SILC). online data code: [ilc].
	Share of adults with active citizenship, 2015	Eurostat (2018), Statistics on income and living conditions (EU-SILC). online data code: [ilc].
Do employees have the skills required for their job?	Under-skilling, share of employees with skills lower than required for job, 2014	CEDEFOP (2014), European Skills and Jobs Survey. https://doi.org/10.2801/159395
Do firms adopt high-performance workplace practices?	Share of firms with best-performing bundles of workplace practices, 2013	Eurofound (2013), European Company Survey 2013. https://doi.org/10.2806/49843
Is skills use stimulated by innovation?	Researchers, per 1000 employed, 2016	OECD (2018), Researchers (indicator). https://doi.org/10.1787/20ddfb0f-en
	Triadic patent families, performance index (STI[4] Outlook), 2016	OECD (2018), Triadic patent families (indicator). https://doi.org/10.1787/6a8d10f4-en.

1. Programme for International Student Assessment (PISA).
2. The average trend is reported for the longest available period since PISA 2006 for science, PISA 2009 for reading, and PISA 2003 for mathematics.
3. Labour market imbalances, average standard deviation across occupations in wages, employment, hours worked, unemployment and under-qualifications, 2015/2017.
4. Science, Technology and Innovation (STI).

Annex 1.B. Strategies and recent reforms in Latvia related to skills and education

Annex Table 1.B.1. Long-term skills and education policy goals

Name	Description
Sustainable Development Strategy of Latvia until 2030 (Latvia2030) Year: 2010	Latvia2030 outlines 7 development priorities (development of culture space, investment in human capital, change of paradigm in education, innovative and eco-efficient economy, nature as future capital, perspective of spatial development, innovative government and participation of the society), 7 strategic indicators (natural population growth, the GINI coefficient, GDP per capita, the ecological footprint, the Human Development Index, the Global Competitiveness Index, dispersion of regional GDP per capita), 11 objectives, 11 development directions, 42 areas of action and 27 performance indicators. Latvia2030 emerged following extensive discussions across Latvia, on the Internet and via other media, rather than just being developed in offices or among a limited number of experts.
National Development Plan of Latvia for 2014-2020 (NDP2020) Year: 2013	NDP2020 sets the most important medium-term objectives, priorities and performance indicators, areas of action, outcomes and responsible institutions. Its guiding principle, economic breakthrough, and its three priorities, growth of the national economy, human securitability (a form of resilience) and growth for regions, form a mutually effective and unified system that fits the sustainable planning approach and structure defined in Latvia2030. NDP2020 includes macro impact indicators, 12 strategic objectives for each of the priorities, and 98 individual detailed measures defining the steps needed to achieve the goals.
The Latvian National Reform Programme for the Implementation of "EU 2020" Strategy Year: 2011	To ensure achievement of the goals set in the "Europe 2020" strategy for education, this reform programme includes the measures that facilitate implementation of the lifelong learning principle, structural changes in vocational education, modernisation of higher education, development of scientific activity and provision of basic and secondary education. The Latvian National Reform Programme is annually updated and assesses progress and indicates priority actions for the following years.
Education Development Guidelines 2014-2020 (EDG2020) Year: 2014	EDG2020 is a medium-term policy planning document that defines the basic principles, goals, and lines of action of education development policy for seven years. EDG2020 covers all types and levels of education and has the main goal of education development policy that supports high-quality and inclusive education for personal development, human welfare and reaching sustainable national growth. The EDG2020 is developed in co-operation with representatives of the sectoral ministries and a large number of diverse stakeholders.
Latvian Smart Specialisation Strategy (RIS3 - Research and Innovation Strategies for Smart Specialisation) Year: 2014-2020	The goal of RIS3 is to increase innovation capacity and develop an effective innovation system that facilitates and stimulates technological progress in the economy. RIS3 is based on entrepreneurial discovery principle and therefore a wide range of stakeholders was involved in the development and implementation of the strategy. Latvia defined specific areas for smart specialisation: knowledge-based bioeconomy, smart energy, information and communication technologies, biomedicine, medical technologies, biopharmacy and biotechnology, smart materials, technologies and engineering systems.
Guidelines on National Industrial Policy for 2014-2020 (NIP) Year: 2013	As a cross-industry policy the "Guidelines on National Industrial Policy for 2014-2020" (NIP) envisage the implementation of six key directions: 1) availability of labour force and adequate education policy for economic development needs; 2) development of industrial zones; 3) access to finance; 4) increase of innovation capacity; 5) promotion of exports; and 6) reduction of energy costs. There are four equally important elements emphasised within the NIP to improve the national innovation system: 1) knowledge capacity; 2) innovation supply; 3) innovation demand; and 4) transfer system. Key targets include: the transformation of the economy towards innovation and the creation of higher value added products and knowledge intensive services; general competence raising; digitalisation awareness promotion among SMEs; close collaboration of the public and private sector. The industrial policy is related to the fields of responsibility of many ministries, including the Ministry of Foreign Affairs, Ministry of Justice, Ministry of the Interior, Ministry of Finance, Ministry of Economics, Ministry of Education and Science, Ministry of Environmental Protection and Regional Development, Ministry of Transport and Ministry of Agriculture.
European Structural funds Operational Programme "Growth and Employment" Year: 2014	The objective of the operational programme is to define the priority axes of the assistance from the European Union funds in accordance with the various programmes in Latvia, for instance the Europe2020 Strategy, the National Development Plan of Latvia for 2014-2020, the National Reform Programme, and national sectoral strategies. The programme also defines the general principles for the introduction, monitoring and evaluation of European Union funds.

Name	Description
Active ageing strategy for longer and better life (*Aktīvās novecošanās stratēģija ilgākam un labākam darba mūžam*) Year: 2016	The active aging strategy aims to promote a longer and healthier working life of the Latvian population and to improve the overall economic situation. The development of the solution is based on the 2015 World Bank study, "Challenges of Active Aging for Longer Working Lives in Latvia". Given the need for policy development in a number of related areas to improve active aging and extend the working life of the population, the following areas have been put forward in developing an active aging strategy: employment, education, health and lifestyle and social security.
Career education implementation plan 2015-2020 (*Karjeras izglītības īstenošanas plāns 2015.-2020. gadam*) Year: 2015	The career education implementation plan includes guidelines for career education development. It is planned to develop career guidance implementation models, and provides professional development for teachers, career consultants and other relevant specialists. The career education implementation plan aims to contribute to improving the quality of the education system, helping to reduce early school leaving, and encouraging talented young people to engage in science and technology development. The planned activities will be implemented mainly in general education institutions, including special and vocational education institutions, in co-operation with municipalities, schools and the General Education Centre. Other institutions and organisations interested in career guidance will also be involved.
Youth policy guidelines 2015-2020 (*Jaunatnes politikas pamatnostādnes 2015.–2020.gadam*) Year: 2015	The framework of these guidelines defines youth policy objectives, key principles and lines of action for the implementation of youth policy at all relevant levels. The aim of the youth policy is to improve the quality of life of young people. In order to achieve this objective, the following sub-objectives shall be pursued: environment – promote a supportive environment for young people by improving the competences of those involved in youth work; co-operation – promote young people's initiative, participation in decision making and public life; personal development – promote young people's entrepreneurial spirit, healthy lifestyle and self-empowerment.
Inclusive Employment Guidelines 2015-2020 Year: 2015	The Inclusive Employment Guidelines 2015-2020 is a medium-term policy planning document that determines policy objectives promoting inclusive labour market for the time period up to 2020. The goal of the document is to support a more inclusive labour market by giving the opportunity to the residents of Latvia to fully use their human resources potential, inter alia, by reducing social consequences of unemployment, supporting the return of jobless people to the labour market and retaining persons from groups at risk of social exclusion on the labour market as long as possible, as well as by improving job quality).
Information Society Policy Development Guidelines 2014-2020 Year: 2013	The Information Society Policy Development Guidelines 2014-2020, is the current National eGovernment strategy. The guidelines aim to support the development of a knowledge-based economy and to improve the overall quality of life by contributing to national competitiveness, and increasing economic growth and job creation. Moreover, it aims to provide an opportunity for everyone to benefit from the possibilities offered by ICT, through the development of digital skills. Specific objectives of the guidelines include: increasing public awareness and readiness to use e-capabilities; developing e-skills for citizens and entrepreneurs; increasing ICT skills in the public administration; preparing ICT professionals according to the requirements of the labour market; and raising the share of algorithmic thinking and information literacy in educational programmes.
Implementation Plan on Adult Education Governance Model 2016-2020 Year: 2016	In May 2016, the Implementation Plan on Adult Education Governance Model 2016-2020 was adopted; it is currently being implemented with the support of EU funds. The goal of the plan is to ensure accessibility of education and quality for residents irrespective of their age, sex, prior education, place of residence, income level, ethnic affiliation, functional disorders, and other factors. It clearly marks the areas of responsibility and interaction of sectoral policy, dividing the functions among the MoES, the Ministry of Economics (MoE) and the Ministry of Welfare (MoW). The MoES is responsible for raising the qualifications and for the re-qualification of those who are employed; the MoW monitors the return of those unemployed in the labour market according to short-term labour market forecasts, and works with persons exposed to the risk of social exclusion, refugees and persons holding an alternative status; and the MoE carries out labour market analysis and prepares medium-term and long-term labour market forecasts.

Annex Table 1.B.2. Recent reforms related to skills and education, 2013-2018

Name	Description
Regulation on opening and accreditation of study directions Year: 2018	Determine procedures for opening study directions and the procedure for evaluating the study direction and corresponding study programmes and accreditation requirements.
Regulation on study programme licensing Year: 2018	Determine licensing procedures for study programmes, including joint study programmes.
Regulations for guidelines in pre-school education Year: 2018	Set the state guidelines for pre-school education, including examples of pre-school education programmes. The guidelines define the objectives and tasks for implementing the content of competency-based pre-school education, the compulsory content and the expected results of its acquisition, the basic principles of evaluation, and models of education programmes that meet the requirements of the state pre-primary education guidelines.
Regulations for standards in basic education Year: 2018	Set the state standards for basic education, including examples of basic education programmes in accordance with the requirements of the standards, and the names of general education subjects. The regulations are part of a process to develop a new competency-based education curriculum.
Regulations on criteria and procedures by which the state participates in the funding of work remuneration of the teachers of general educational institutions at the secondary educational level Year: 2018	According to an amendment in the Law on Education (2017) and additional amendments in 2018, new regulation was developed and accepted on 11 September 2018. It prescribes quality criteria, the minimum permitted number of students in a class group at the level of secondary education in general secondary education institutions, and the criteria for the determination of the maximum permitted number of students. It also prescribes the criteria and procedures by which the state, taking into account the minimum permitted number of students at the level of secondary education, supports local governments, public universities and private general education in financing the remuneration of teachers involved in the implementation of the general secondary education programmes. The regulation will come into force from 1 August 2020.
Regulations regarding requirements for the initial education and professional qualification of teachers, and the procedure for improving teachers' professional competences Year: 2018	Prescribe the set requirements for the initial education and professional qualification of teachers and introduce a procedure for improving their professional competences.
Regulations on the list of mandatory occupational standards and occupational qualification basic requirements, and the procedure for publishing the occupational standards and occupational qualification basic requirements included therein Year: 2018	The Regulation of the Cabinet of Ministers No 626 was adopted on 9 October 2018. The list shall include professional standards and professional qualification requirements developed in accordance with the Latvian Qualifications Framework and sectoral qualification structures specified in the Education Law and agreed by the Tripartite Cooperation Sub-Council for Vocational Education and Employment.
Regulations on terms and conditions for the recognition of study results acquired outside formal education or acquired by professional experience and in previous education Year: 2018	The Regulation of the Cabinet of Ministers No 505, was adopted on 14 August 2018 (replaced the Cabinet of Ministers regulation No 36, 2012). The regulation prescribes that a decision to recognise the study results achieved in previous education or professional experience shall be taken by a commission set up by the higher education institution.
Regulation for classification of Latvian education Year: 2017	Define the classification of education in Latvia, including descriptions of knowledge, skills and competences, and its correspondence to the Latvian qualifications framework levels.
Regulations on the classification of occupations, basic tasks corresponding to the profession and basic qualification requirements Year: 2017	The Regulation of the Cabinet of Ministers No 264, adopted 23 July 2017, is a systematic list of occupations (trades, professions, specialities) created to ensure that the accounting and comparison of the labour force complies with international practice. In the Classification of Occupations, the occupations are classified in groups according to the codes specified by the International Labour Organization, and basic qualification requirements and basic tasks appropriate to the occupation are stated. The regulation describes the main requirements that must be known and understood by everyone when entering a profession.
Procedures for the organisation of the quality assessment of the professional activity of teachers Year: 2017	These procedures determine the quality assessment of the professional activity of teachers.

Name	Description
Regulations for standards in vocational secondary and industrial education Year: 2017	These regulations affect the State Vocational Secondary Education Standards and the State Industrial Education Standards. Originally developed in 2000, comprehensive changes were made in 2017 concerning reforms in VET education (WBL, modular programmes, qualifications framework).
Procedures by which work-based learning is organised and implemented Year: 2017	Prescribe the procedures by which work-based learning is organised and implemented. Cabinet Regulation No. 484 Adopted 15 July 2016.
Regulation on the criteria and procedure on how a special education institution gains the status of a special education development centre Year: 201 8	Determine criteria for special education institutions (development centres) that provide advisory and methodological support for children with special needs and other educational institutions to improve inclusive education.
Guidelines on learners' citizenship and values in education, and the assessment of information, learning materials and teaching methods Year: 2016	Guidelines for the upbringing of students, including national and moral upbringing in education. Comprises regulations governing the use of the state symbol of Latvia in educational institutions, and measures taken to celebrate public holidays. It also includes procedures for assessing the relevance of information such as teaching aids and materials, methods of teaching and upbringing, and the criteria for this assessment.
Procedure for accreditation of education institutions, examination centres and other institutions defined by the Education Law, general and vocational educational programmes and evaluation of professional activities of heads of secondary education institutions founded by the state universities and education institutions founded by the state and local government. Year: 2016	Prescribe the procedure for the accreditation of educational institutions, examination centres and other institutions specified in the Education Law, general and vocational education programmes and assesses the professional activities of heads of educational institutions founded by the state universities and state and local government.
Procedures for the development of the occupational standard, occupational qualification basic requirements (if the occupation is not approved by the occupational standard) and the sectoral qualification structure Year: 2016	The Regulation of the Cabinet of Ministers No 633, adopted 27 September 2016, prescribes the procedures for the development of a professional standard, a requirement for professional qualifications and the structure of sectoral qualifications, as well as institutions that develop and update the sectoral qualification structure. The regulation also states that the need for updating professional standards, professional qualifications requirements (if professional standards are not confirmed for the profession) or sectoral qualification structures shall be assessed at least every five years.
Procedures for the establishment, operation and co-ordination of activities of sectoral expert councils Year: 2016	Prescribe the procedures for the establishment, operation, and co-ordination of activities of sectoral expert councils, which shall consist of the representatives delegated by sectoral employers' organisations, trade unions and their associations, sectoral professional organisations, as well as the relevant ministries. Regulation of the Cabinet of Ministers No 485, adopted 15 July 2016.
Regulations regarding teacher remuneration Year: 2016	Prescribe the procedure for determining the salary of teachers, the salary and the workload of teachers. Regular assessment of the functioning of the teacher salary model leads to improvements in the relevant regulation, including, for example, amendments made in 2017 in the context of the improved regulation on the quality assessment of the professional activity of teachers.
The procedure for calculating and distributing earmarked grants from the state budget for the remuneration of teachers in municipal educational institutions in which vocational education programmes are implemented Year: 2016	Prescribe the procedure for calculating and distributing earmarked grants from the state budget for the remuneration of teachers in municipal educational institutions in which vocational education programmes are implemented. Regular assessment of the functioning of the teacher salary model leads to improvements in the relevant regulation, including, for example, in 2017 amendments were made in the context of the improved regulation on the quality assessment of the professional activity of teachers.
Regulations on the replacement of a foreign language exam in a general secondary education programme with a foreign language test of an international testing institution Year: 2015	Determine the evaluation of language knowledge in the line of the Common European Framework of Reference for Languages.

Name	Description
Regulation on procedures for enrolling students in and withdrawing them from general educational institutions and special pre-school educational groups; as well as procedures for moving students up into the next grade Year: 2015	Prescribes the criteria and procedures by which students are enrolled in and withdrawn from general educational institutions and special educational institutions that implement general basic and general secondary educational programmes, including special educational programmes and special pre-school educational programmes, and in special pre-school educational groups. It also determines mandatory requirements for moving students up to the next grade.
Regulations on the procedure for financing higher education institutions from the state budget Year: 2015	Introduce the new performance-based higher education financing model developed in collaboration with the World Bank.
Regulations for standards in academic education and professional higher education Year: 2014	Determine the minimum standards in academic higher education.
Regulations for standards in secondary education Year: 2013	Set state standards for general secondary education, including standards for subjects and sample programmes. To provide an opportunity to learn individual fields and subjects in depth, as well as to match their interests, abilities and future goals, the advanced curriculum for the secondary school was developed in consultation with stakeholders.
Procedure for the allocation and cancellation of vocational education competence centre status Year: 2013	Prescribe the procedure and criteria for the allocation and nullification of vocational education competence centre status.
Regarding national examination procedures Year: 2013	The regulations do not apply to the centralised exams.

Notes

[1] The OECD Skills Strategy applies a broad definition of skills, including cognitive skills (e.g. literacy and numeracy), meta-cognitive skills (e.g. critical thinking, complex problem solving, creative thinking), social and emotional skills (e.g. conscientiousness, responsibility, empathy), and the professional, technical and specialised knowledge and skills needed to meet the demands of specific occupations.

[2] Presented by the European Commission in 2017, the European Pillars of Social Rights are about delivering new and more effective rights for citizens, by building upon 20 key principles, structured around three categories: i) Equal opportunities and access to the labour market, ii) Fair working conditions, and iii) Social protection and inclusion (European Commission, 2017[27]).

2 Strengthening the skills outcomes of students

Developing skills at an early age is a key investment in the economic prosperity and well-being of countries. This chapter assesses students' skills outcomes in Latvia, and presents four opportunities to strengthen these outcomes: 1) building capacity to improve the teaching workforce; 2) fostering continuous quality improvement from early childhood education and care to secondary education; 3) improving equity between urban and rural areas; and 4) strengthening vocational education and training.

Introduction: The importance of students' skills outcomes for Latvia

Skills are critical to the success of people and of society as a whole. Higher levels of cognitive skills are associated with a number of desirable outcomes. Across the OECD, adults with higher literacy proficiency are more likely to be employed, earn high wages, trust others, participate in the democratic process and community life, and report good health than their less-skilled peers. For countries, skills are a key driver of innovation, productivity and, ultimately, economic growth, social cohesion and higher living standards (OECD, 2016[1]).

Developing skills at an early age is, therefore, a key investment in the economic prosperity and well-being of countries. Strong skills developed in youth not only pave the way to success in higher education and the labour market, but also help foster a culture of lifelong learning that can shield individuals against technological displacement. Countries whose youth develop strong skills typically have highly skilled adult populations, as skills outcomes in youth are strongly correlated with success in tertiary education (OECD, 2019[2]).

The OECD Programme for International Student Assessment (PISA) shows that there is considerable room to improve the skills performance of youth in Latvia, who have below OECD average performance in mathematics and reading, average performance in science, and a low share of top performers in all subjects (OECD, 2015[3]). These results have been stable since 2003, and if this current trend persists Latvia may soon face major challenges such as a large proportion of young people entering the labour market without professional qualifications or skills, and a large share of low-qualified adults in the labour force.

Furthermore, international megatrends such as technological change, globalisation and population ageing, are reinforcing the importance of skills in building economic prosperity. It is therefore crucial to develop a responsive education system that equips students with 21st century skills – including critical thinking, communication skills, adaptability and accountability – and prepares the future working population to develop comparative advantages for participating in global value chains (OECD, 2019[2]).

In this regard, Latvia has demonstrated great commitment to reform the education sector and strengthen students' outcomes by engaging in several ambitious education reforms according to the Education Development Guidelines for 2014-2020 and its overarching goal of high-quality, inclusive education for the development of personality, social welfare and sustainable development in Latvia (Chapter 1):

- Transition to a competency-based curriculum
- Modernisation of vocational education
- Development and expansion of work-based learning
- Development of the support system for the skills development of employed adults.

This chapter provides an overview of Latvia's education system and selected performance indicators. It then proceeds to discuss the four opportunities through which Latvia can enhance students' outcomes: 1) improving the teaching workforce; 2) fostering continuous quality improvement from early childhood education and care (ECEC) to secondary education; 3) improving equity between rural and urban areas; and 4) strengthening vocational education and training. For each opportunity, the available data are analysed, relevant national and international policies and practices are discussed, and recommendations are given.

Latvia's education system: Overview and recent performance

Overview of the education system

Main features of the Latvian education system

Early childhood education programmes start early in Latvia. A legal entitlement to ECEC obliges municipalities to provide services in an institution close to their home for all children from 1.5 years old. However, ECEC is only mandatory at ages 5 and 6, with enrolment rates approaching 100% (97.2%). At earlier ages, 89% of children aged 3 and 93% aged 4 are enrolled in ECEC institutions, which is well above the OECD averages of 75% and 88%, respectively (OECD, 2018[4]).

Since the Latvian population is composed of several ethnic groups,[1] Latvia has a long tradition of providing publicly funded education from primary to secondary in seven ethnic minority languages: Byelorussian, Estonian, Hebrew, Lithuanian, Polish, Russian, and Ukrainian. As a consequence, 72% of pupils were enrolled in Latvian education programmes and 28% in ethnic minority languages, according to 2017-2018 Ministry of Education and Science (MoES) data. A gradual transition to education in the state language of Latvian by 2021 is ongoing. Following amendments to the Law on Education and the Law on General Education it is expected that the transition will start in school year 2019/2020 in grades 7-9, with all general subjects at the upper secondary education level taught in Latvian as of 2022/2023. This new regulation seeks to expand opportunities for ethnic minority youth in vocational and higher education, where Latvian is the language of instruction, as well as improve their competitiveness in the labour market.

Starting at age 7, primary and lower secondary are organised as an integrated system that lasts for nine years, from grade 1 to grade 9, including six years of primary and three years of lower secondary education. Transition to the next class is automatic, but there is a final examination in grade 9 that assesses the student's first language, the Latvian language for students in ethnic minority programmes, mathematics, history of Latvia and a foreign language. Results from this examination lead to the certificate required to enter upper secondary education.

The transition to upper secondary is not mandatory, however, the upper secondary graduation rate for the Latvian population reaches 90%, which is above the OECD average of 87% (OECD, 2018[4]). Upper secondary education starts at age 16 and includes three years of general education, or two to four years in a vocational education track, and ends with a final examination. Successful students in a general education and in a vocational (four-year programme) track are awarded a certificate that allows them to enter tertiary education. Successful vocational education students earn a professional qualification on top of their vocational education diploma. Vocational students who have completed a three-year programme can enter tertiary education under the condition that they fulfil a fourth "bridge" year. The government has been monitoring enrolment in general education vs. vocational education and training (VET) as an indicator of the Education Development Guidelines (Table 2.1), and aims to equalise participation rates between general and vocational programmes by 2020 (Eurydice, 2019[5]).

Table 2.1. Enrolment in general and vocational secondary education in Latvia

	Number of students in upper secondary education			Percentage	
	General education (grades 10-12)	VET (grades 10-12)	Total (grades 10-12)	General education (grades 10-12)	VET (grades 10-12)
2015-2016	37 236	23 010	60 246	61.81%	38.19%
2016-2017	37 487 (+251)	23 591 (+581)	61 078 (+832)	61.38%	38.62%
2017-2018	37 179 (-308)	23 646 (+55)	60 825 (-253)	61.12%	38.88%

Source: Ministry of Education and Science data.

The higher education sector in Latvia is binary, with the Law on Higher Education Institutions differentiating between academic and vocational higher education. Higher education is provided as academic and professional programmes in three types of autonomous public and private higher education institutions (HEIs): colleges (vocational programmes, up to the first stage of two-stage vocational higher education, see below), non-university (professional programmes, up to master's degree), and university (academic and professional programmes, up to doctoral degree). In 2017, 41.6% of 25-34 year old Latvians had completed a higher education degree, which is below the OECD average of 44.5% (OECD, 2018[4]).

Latvia's higher education relies on a three-cycle structure: bachelor, master, and doctoral level studies. Academic higher education programmes are based mostly upon fundamental and/or applied science. They usually comprise a research paper or thesis at the end of each stage and lead to a bachelor's degree (*Bakalaura grāds*) and master's degree (*Maģistra grāds*). The duration of bachelor's degree programmes may be three to four years, depending on the study field and educational programme. A master's degree is awarded after the second cycle of academic education and requires at least five years of university studies altogether (including the three to four year bachelor's degree). The doctoral degree (*Doktora grāds)* last three to four years full-time. It includes advanced studies of the subject in a relevant study programme and scientific research towards a doctoral thesis; it awards the title of PhD.

The Law on Higher Education Institutions and the Law on Vocational Education organise professional higher education. A short-track college education (two to three years) leads to an ISCED 5 professional qualification (*diploms par pirmā līmeņa profesionālo augstāko izglītību*), which is the first level professional higher education diploma. A longer track (four to five years), leads to an ISCED 6 professional qualification and awards students with a professional qualification and vocational bachelor's degree that can be followed by a further one to two years of vocational master's degree studies. The master's degree of professional higher education is awarded after at least five years of studies.

Organisation and funding of the Latvian education system

Compulsory and upper secondary education provided by schools whose founders are municipal or national governments (i.e. public schools) are free of charge in Latvia. As such, the central government covers teachers' remuneration in public and some private institutions, while the founders (municipalities and private entities) are in charge of the maintenance costs for pre-primary, primary and secondary schools. Municipalities mostly fund ECEC, except for the salaries of teachers working in the compulsory programme, namely for 5-6 year-olds. In these public schools, the funding system relies on a "money follows the student" model, where state funds are allocated according to a formula (OECD, 2014[6]).

The funding responsibility for vocational education institutions is split between the MoES, the Ministry of Culture, the Ministry of Interior Affairs, the Ministry of Welfare, the Ministry of Health, municipalities and the private sector. The state government also finances the education of children with special needs, including children who go to special boarding schools and those who attend "schools of social correction".[2]

The VET school network consists of 46 VET schools providing VET secondary education (data for the beginning of the 2018/19 school year). Most VET schools are under the authority of the state, including those under the Ministry of Education and Science, and the Ministry of Culture. Few are private and municipal (Table 2.2).

Table 2.2. Distribution of VET institutions by responsible body or institution

Distribution of vocational education institutions by responsible body or institution, 2018/2019						
	Higher education institution	Professional basic and secondary education institution			General education institution	Total
	College	Vocational school (EQF 3) (*Arodizglītības iestāde*)	Vocational education competence centre (VECC)	Vocational secondary school (EQF 4)	General education school	
Ministry of Education and Science	5	1	17	4		27
Ministry of Interior Affairs	1					1
Ministry of Culture			4	6		10
Ministry of Welfare				1		1
Ministry of Health	1					1
Legal or natural person	4			8		12
Municipality			1	5	2	8
Total:	11	1	22	24	2	60

Note: EQF stands for the European Qualification Network.
Source: Ministry of Education and Science data.

Since 2011, the vocational education system in Latvia has undergone a major transition, from a highly centralised model to one that is more flexible and that seeks to promote collaboration between local employers and schools. Because of a declining student population, provision has been consolidated by significantly reducing the number of VET schools in order to:

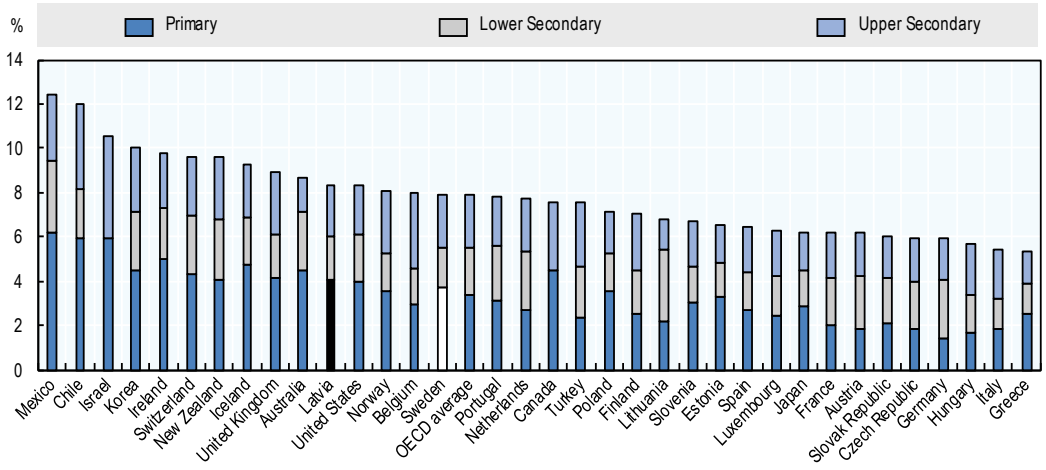
- Ensure the implementation of the structural reforms of the VET system
- Strengthen institutional capacity
- Develop the modern material and technical provision and infrastructure of VET schools
- Promote the more efficient use of all types of resources by increasing the quality of vocational education.

Since 2009, larger vocational schools – those with more than 500 students outside of Riga and more than 800 students in Riga – that meet specific qualitative and quantitative requirements can become Vocational Education Competence Centres (VECCs), thus creating regional VET "hubs". These VECCs provide vocational secondary education programmes, carry out the validation of professional competences acquired outside formal education, and act as regional methodological centres by developing close relationships with employers, identifying skills in demand in the industry, and providing further education (OECD, 2016[7]). A college could also obtain VECC status if it implements VET secondary education programmes and meets further criteria. As of the 2018/19 school year, 23 vocational education institutions had been granted VECC status.

The rules of registration and accreditation for private institutions or education programmes are the same as for public institutions and programmes. However, as they need to be funded, the founders of private institutions are free to set tuition fees. Private pre-primary schools that deliver compulsory education to 5-6 years-olds receive state funds to cover the costs of teaching staff salaries. Similarly, accredited private schools that provide primary and/or secondary education receive funds from the state to cover staff salaries. This amount depends on the cost per pupil, which is set by the Cabinet of Ministers.

Latvia's commitment to education is illustrated in Figure 2.1. Latvia spends yearly on education almost 1 percentage point of its government budget, which is more than the OECD average. Expenditure in lower and upper secondary is mostly similar, with the discrepancy mainly coming from a larger investment by Latvia in primary education. Driven by a large number of small educational institutions, Latvia has the highest share of capital expenditure in public and private institutions from primary to tertiary education among OECD countries (OECD, 2018[4]). Despite a consolidation process initiated in 2009 to increase the efficiency of spending, the fragmented school network prevents further economics of scale, which is an ongoing debate in Latvia (OECD, 2016[8]).

Figure 2.1. Total public expenditure on education as a percentage of total government expenditure, OECD countries, 2016



Source: OECD (2019[9]), *Education at a Glance 2019: OECD Indicators*, https://doi.org/10.1787/f8d7880d-en.

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Governance of the Latvian education system

The Latvian education system is administered at three levels: national, municipal, and institutional. Social partners and stakeholders are involved in all stages, from planning to implementing education policy (Chapter 5).

At the national level, the MoES is the main executive body for education, and exerts its power within the framework of Latvia's Constitution (*Satversme*) and laws, and under the control of the Parliament (*Saeima*) and the Cabinet of Ministers. In particular, the MoES is responsible for drafting policy planning documents in education, and supervising the implementation of relevant policies in the state administration institutions and the agencies subordinated to the ministry. The Parliament holds legislative power and determines the national budget, while the Cabinet of Ministers exerts executive power over all administrative institutions.

At the local level, municipalities must provide every child within their territory the opportunity to acquire pre-primary education, integrated primary and lower secondary education (basic education, *pamatizglītība*), and upper secondary education. The municipality is also responsible for providing education opportunities to adults. To organise education, municipalities can aggregate to fund an Education Board of Municipalities and appoint a head in co-ordination with the MoES. Education boards constitute the link between national and municipal levels of governance as they allocate the funds from the state budget to schools to cover the salaries of educational staff, as well as supervise the implementation

of local education policies. Most notably, they assist schools by providing teaching and methodological materials, and are in charge of adult education and professional development for teachers. The establishment of a joint education board between several municipalities is possible, but not widespread practice.

At the institutional level, according to the education law, the head of a pre-primary school or of a compulsory education and upper secondary school takes human resource decisions, manages financial resources, and monitors the implementation of regulatory enactments concerning education. A school is independent in developing and implementing education programmes, and its council usually includes the head and the founder of the institution, as well as representatives of pedagogues, parents and students (students are not involved in pre-primary education institution councils). The head of the council needs to be a parent representative. The council only plays a consultative role for the drafting of the school development plan, but is in charge of organising school social life activities and accounting donations.

The MoES is directly in charge of most public vocational education institutions. Municipalities are in charge of how public special needs education institutions function as they are founders, but the teacher salaries and maintenance of education institutions are funded by the state. As specified by the education law, the head of such institutions is responsible for the operation of its institution, as well as for setting remuneration levels and ensuring the adequate use of resources.

Higher education institutions are highly autonomous. State institutions receive funds from the basic state budget, from tuition fees and from other sources (grants, donations, etc.), according to the regulations on non-profit organisations. An election determines the heads of the three highest administration units of the institution – the constitutional meeting, the senate, and the rector – and the Cabinet of Ministers appoints the rector. Aside from this process, HEIs can define their own organisational procedures, internal rules and regulations, take human resource decisions, and allocate funding.

The MoES is supported by a number of subordinate agencies that contribute to the development of education in Latvia. These are charged with the following tasks:

- The National Centre for Education (*Valsts izglītības satura centrs*, VISC, established in 2009) is involved in development and co-ordination activities that include curricula and examinations for pre-school, basic and general secondary education and vocational education. VISC co-ordinates the development of textbooks, of a support system for learners with special needs, and of teachers' continuing professional development. It also co-ordinates organisation of extra-curricular activities.
- The State Education Quality Service (Izglītības kvalitātes valsts dienests, IKVD, established in 2009) monitors education quality and is responsible for inspecting the education system from primary to upper secondary level and tertiary education level, including all public and private education institutions. It registers education institutions, licenses education programmes and carries out school (re)accreditation.
- The State Education Development Agency (Valsts izglītības attīstības aģentūra, VIAA, established in 2012) has very diverse functions within the sectors of education and science, including international co-operation, and oversees all activities related to European Union (EU) programmes, such as the Lifelong Learning Programme. It also co-ordinates the implementation of the career development support system, and is responsible for the implementation of project SO (specific objective) 8.4.1. "Development of the professional competencies of employees".

- The Latvian Language Agency (Latviešu valodas aģentūra, established in 2009) aims to enhance the status and promote the sustainable development of the Latvian language. The agency implements the state language policy as formulated in the Guidelines of the State Language Policy for 2015-2020.
- The Agency for International Programmes for Youth (Jaunatnes starptautisko programmu aģentūra. established in 1999) promotes youth activities and mobility (e.g. within the EU). The agency implements non-formal learning and information programmes and projects targeted at youth and those working with youth, and supports the link between non-formal learning and lifelong education.
- The Latvian Council of Science (Latvijas Zinātnes padome) and the Latvian Academy of Sciences (Latvijas Zinātņu akadēmija) fulfil advisory and representative functions regarding research issues. The council also funds research and development projects.
- The Council of Higher Education consists of twelve members proposed by the MoES and validated by the Parliament. The council aims to develop higher education and promote an equal and harmonised development of all kinds of HEIs.
- The Rectors' Council co-ordinates educational activities in HEIs to promote scientific, educational, cultural and economic co-operation between Latvian HEIs. It also develops legislative proposals.
- The Study and Science Administration (Studiju un zinātnes administrācija) participates in the development of students' loans policy and provides students' loans from the state budget. The institution is also responsible for coordination and administering of state-guaranteed study and student loans to students.

Aside from these main actors, a number of consultative bodies also influence education and participate in stakeholder engagement in Latvia:

- Local associations of pedagogues all around Latvia discuss the development of the curriculum, teaching and assessment methods, and state examination.
- In schools, the council of education consists of representatives of teachers, the local authority, parents and pupils from all education levels. Parents compose the majority of the council and the head is a parent representative. As the school board, the council has an advisory status, but can also endorse certain decision-making functions (Eurydice, 2019[5]).

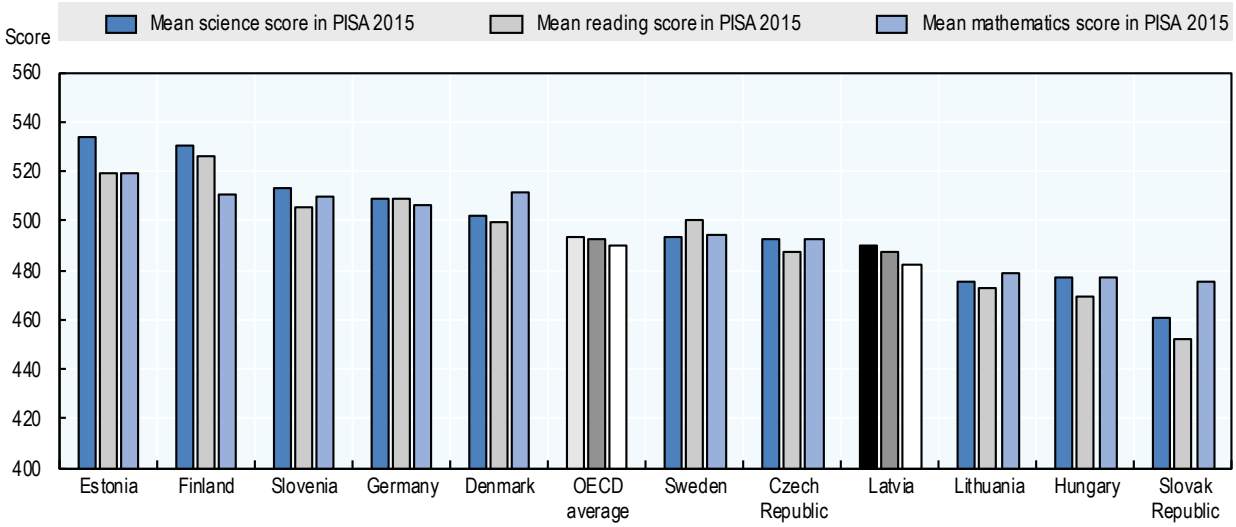
Overview of Latvia's performance

Student outcomes in Latvia are close to the OECD average in the three domains assessed by PISA, mathematics, science and reading, and these results have been stable over time. The strength of the socio-economic gradient is weaker than the OECD average, meaning that the system is equitable. However, the share of high performers remains low in relation to international standards, and discrepancies between urban and rural areas in terms of student achievement are a major concern.

Student outcomes are close to the OECD average and stable over time

Student performance in Latvia is slightly below the average, according to international comparison, and has been stable since 2003. The OECD's PISA provides benchmarks for average student performance in science, mathematics and reading across education systems. Latvian students performed around the OECD average in PISA 2015 (Figure 2.2).

Figure 2.2. Student performance across all subjects, PISA 2015



Note: Only a sample of countries participating in PISA is presented.
Source: OECD (2015[3]), *Programme for International Student Assessment (PISA) 2015*, www.oecd.org/pisa/.

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The average score in science is not statistically significantly different from the OECD average, but average scores in reading and mathematics are much lower (OECD, 2016[10]). The average science score of Latvian students is comparable with that of students in the Czech Republic, the Russian Federation and Sweden. However, students in Denmark, Finland, Germany and neighbouring country Estonia outperform Latvian students significantly.

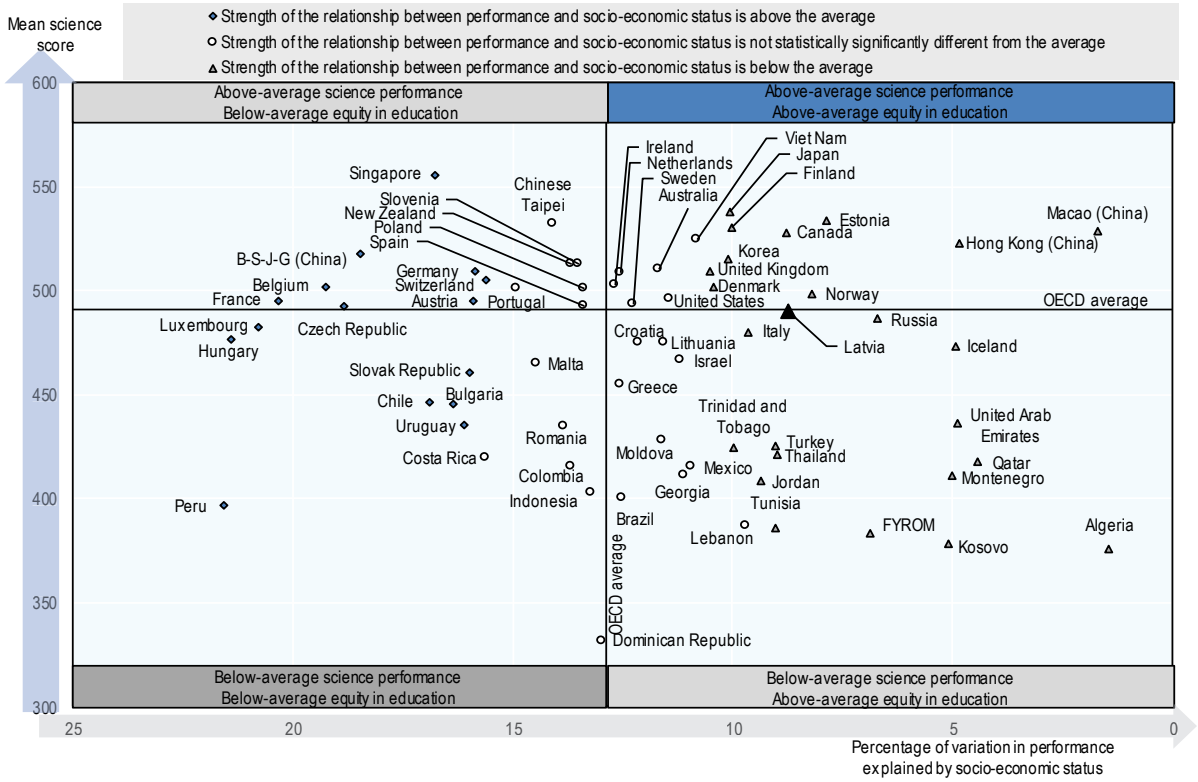
Equity is relatively high, but there is a low share of top performers

The socio-economic status of students and schools can have a strong influence on learning outcomes (OECD, 2016[10]). Figure 2.3 sorts countries based on the strength of their socio-economic gradient and their average science performance. Equity and high performance are not mutually exclusive, with countries such as Finland, Estonia and Japan performing high in both dimensions. They have a large share of top performing students, including those with disadvantaged backgrounds.

If student outcomes in Latvia are close to the average, the strength of the socio-economic gradient is weaker than the OECD average. This implies that the education system is relatively equitable. Furthermore, 12% of Latvian disadvantaged students are "resilient", meaning that they beat the odds of their low socio-economic background and perform among the top quarter of students in all participating countries. This is in line with the OECD average of 11.3% (OECD, 2018[11]).

At the same time, Latvia could improve in raising performance of students. The share of top-performing students, who are defined as achieving level 5 or 6 in at least one of the three PISA subjects, is low. During the latest PISA cycle, only 8.3% of Latvian students were high performers, compared to 15.3% on average across OECD countries. Conversely, more than 10% of students were low performers who scored below level 2 in all three subjects. This share was below the OECD average of 13%, but significantly above leading countries like Estonia, where only 4.7% of students are low performers (Figure 2.4).

Figure 2.3. Mean performance in science and strength of the socio-economic gradient, PISA 2015



Source: OECD (2016[10]), *PISA 2015 Results (Volume I): Excellence and Equity in Education,* Figure I.6.6, https://dx.doi.org/10.1787/9789264266490-en.

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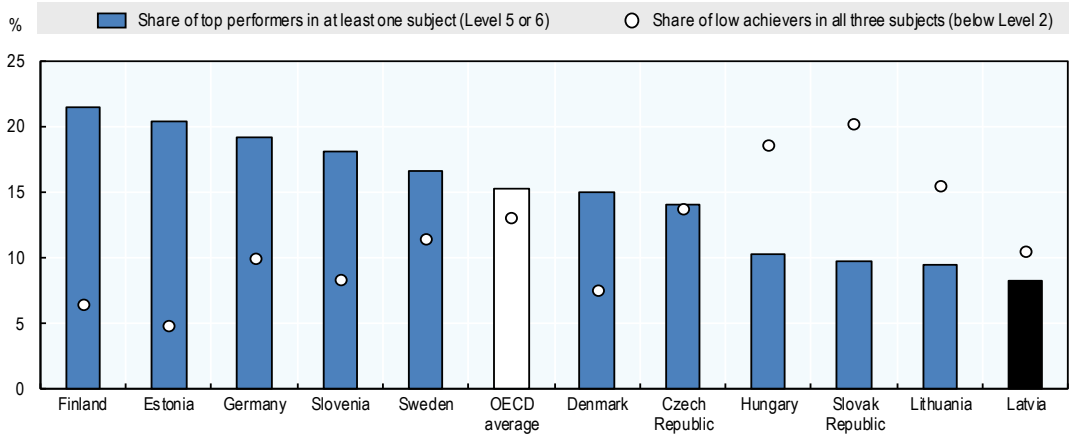
Figure 2.4. Top performers and low achievers, PISA 2015



Source: OECD (2015[3]), *Programme for International Student Assessment (PISA) 2015*, www.oecd.org/pisa/.

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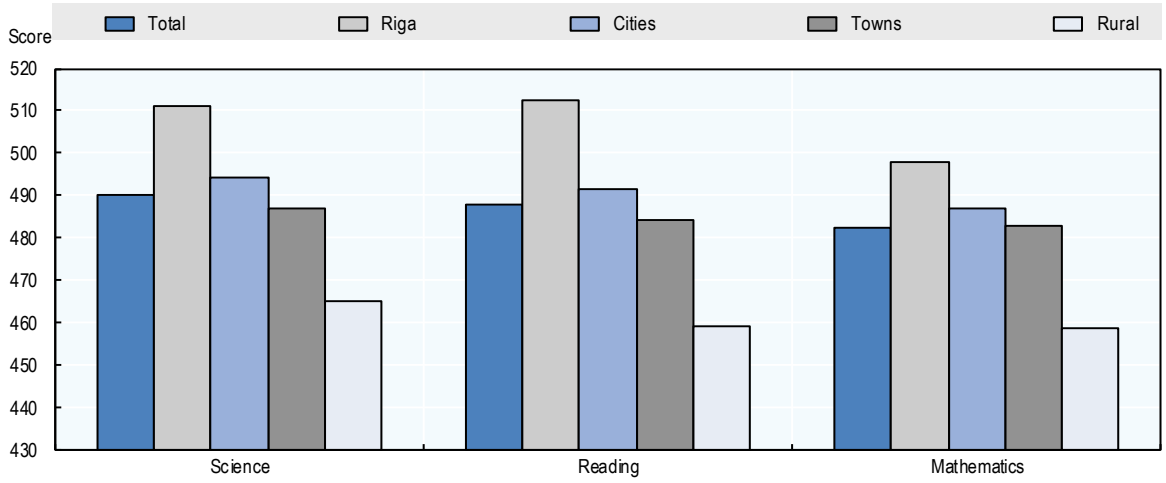
Strong disparities persist between rural and urban areas

Despite a weak socio-economic gradient in Latvia, there is a significant performance gap between students in rural and urban areas.[3] According to PISA data, students attending school in rural areas (fewer than 3 000 people) score on average 46 score points lower than students attending school in the capital city Riga (OECD, 2015[3]). In Latvia, one-third of the population lives in Riga, one-third lives in cities or towns, and one-third lives in rural areas.

The most recent PISA survey (Echazarra and Radinger, 2019[12]) found that across all OECD countries, students in cities score on average 31 points higher in science than their peers in small towns, which is the equivalent of 1 year of schooling. In Latvia, this difference reaches almost 50 points, which is the equivalent of more than 1.5 years of schooling (Figure 2.5). Rural areas in Latvia also have a higher share of low performers. On average, 25% of students who attend school in rural areas of Latvia, and 15% of students in cities or towns, perform below level 2 in mathematics (OECD, 2016[10]).

Figure 2.5. Performance in Latvia according to geographical location, PISA 2015



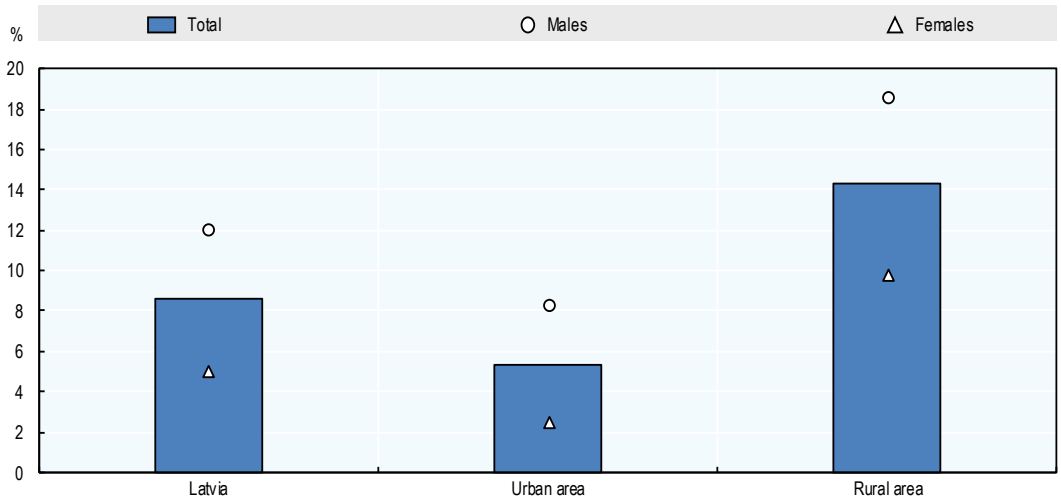
Note: Cities are defined as with people 100 000 or more, towns as 15 000 -100 000 and rural areas fewer than 3 000 people.
Source: OECD (2015[3]), *Programme for International Student Assessment (PISA) 2015*, www.oecd.org/pisa/.

StatLink https://doi.org/10.1787/888934035512

Ensuring equity between urban and rural areas is not only important for the regional development of rural areas, but also benefits the whole education system. Evidence from PISA in 2015 shows that countries with a small urban-rural gap in student performance show higher academic performance on average (Echazarra and Radinger, 2019[12]).

In Latvia, rural schools have higher drop-out and grade repetition rates. Figure 2.6 shows that the share of early leavers from education is 14.3% in rural areas, compared to 5.3% in urban areas. A report analysing expert interview results and a quantitative survey of 300 early school leavers concluded that the risk for early school leaving occurs during the transition from lower to upper secondary (Aptauju centrs, 2015[13]), which is common across countries where compulsory education is until the end of lower secondary education. Regarding grade repetition, although the share of students having repeated a grade dropped by 15 percentage points between PISA 2009 and 2015, over 5% of children in rural schools repeated at least one grade in primary education compared to 1.6% of children in Riga (OECD, 2016[14]).

Figure 2.6. Early leavers from education and training aged 18-24 in urban and rural areas, by sex (%) in 2017



Source: Central Statistical Bureau of Latvia (2018[15]), "NBG370. Early leavers from education and training aged 18-24 in urban and rural areas by sex (%)", Centrālās statistickas pārvaldes datubāses (database), https://www.csb.gov.lv/en/statistics/statistics-by-theme/social-conditions/education/tables/nbg370/early-leavers-education-and-training-aged-18.

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Opportunities to improve Latvia's performance

To strengthen the skills outcomes of students, this Chapter describes four opportunities for Latvia. This selection is based on input from literature, discussions with the national project co-ordinator, and discussions and remarks made by government and stakeholder representatives (participants) in a workshop and several meetings. The four key opportunities selected are:

1. Building capacity to improve the teaching workforce
2. Fostering continuous quality improvement from ECEC to secondary education
3. Improving equity between urban and rural areas
4. Strengthening vocational education and training (VET).

Opportunity 1: Building capacity to improve the teaching workforce

Teachers have been found to be the most important school-related factor explaining student outcomes (Schwartz, Wurtzel and Olson, 2007[16]). Any country aiming to keep its education system internationally competitive needs to recruit, retain, develop and nurture a high-quality teaching force. In its 2005 report, "Teachers Matter: Attracting, Developing and Retaining Effective Teachers", the OECD comprehensively reviewed teacher policies in 25 countries, and confirmed how prevalent the concern is across nations about the supply and quality of teachers (OECD, 2005[17]).

In Latvia, the teaching workforce is mostly female (100% in pre-primary, 93% in primary, and 83% in all secondary) and ageing. In primary and secondary, the average age of teachers increased by three years between 2010 and 2016, and 46% of teachers are over 50-years-old, while the OECD average is 34% (OECD, 2018[4]; OECD, 2019[18]). As the government is introducing a new competency-based curriculum in September 2019, starting with pre-school education, it will be key for Latvia to recruit and train the best candidates and upskill the existing teaching workforce to implement it successfully.

Attracting and selecting the best candidates to build a skilled pool of new teachers

Providing quality teaching in schools requires that motivated people with high-level knowledge and skills choose to become teachers. The teaching profession needs to be competitive with other occupations to attract talented people.

The OECD Teaching and Learning International Survey (TALIS) is an international, large-scale survey of teachers, school leaders and the learning environment in schools. TALIS uses questionnaires administered to teachers and their school principals to gather data and generate internationally comparable information relevant to developing and implementing educational policies.

Compared to the TALIS average of 70%, almost 80% of lower secondary teachers in Latvia (strongly) disagree that the teaching profession is valued in Latvian society (OECD, 2014[19]), which implies that teaching is not considered as an attractive career choice. To select the best candidates, Latvia needs to start by designing appealing career prospects.

The salary scheme follows a flat wage structure that does not directly recognise seniority or teaching quality, despite low initial salaries. For each school, the state calculates a number of teacher workloads to determine its salary budget and allocates funds to the school. The head of the school then determines each teacher salary. The monthly salary can be increased by up to 50% of the lowest monthly salary rate referred to in the regulation. The head of the school evaluates the teacher's work intensity and personal contribution to the development of the educational institution, and can thus reward for seniority. The State Audit Office has performed an audit of the implementation of the salary, bonus and premium system in schools in 2018 which indicates several inefficiencies.[4]

For instance, the starting salary of a primary education teacher in Latvia represents only 28% of the OECD average, and only 21% after 15 years of experience (OECD, 2017[20]). This can potentially trigger attrition, with teachers leaving the profession, as well as adverse selection, as potential teachers who think they would benefit from a higher wage growth in the private sector choose not to enter the teaching profession. The Latvian government started to address this issue by recognising teachers' preparatory activities and raised the minimum hourly rate from EUR 5 in 2013 (EUR 420 per month/21 hours per week) to EUR 5.67 in 2016 (EUR 680 per month/30 hours per week) and to EUR 6.25 in 2019 (EUR 750 per month/30 hours per week – starting from 1 September 2019 (according to the wage increase schedule).

Part of this has been funded by a reduction in the teacher-student ratio in the classroom, as advised in a previous OECD report (OECD, 2014[6]). However, it would be interesting to measure how much the consolidation of the school network has generated efficiency gains, and how this process could further increase the competitiveness of teachers' salaries. According to the indicative schedule of gradual increase in teachers' salaries funding (accepted in January 2018), the optimisation of the school network should be prioritised to support such an increase.

The state provides teacher remuneration for compulsory and upper secondary education by allocating a budget to schools according to the "money follows the student" principle, which ties resources to pupil enrolment. In rural areas, where classes are smaller, teachers may have to teach in various schools as they struggle to reach a full workload.

On average, a primary education teacher with at least a bachelor's degree earned 20% less than a traditional full-time worker with the same educational attainment in 2016 (OECD, 2018[4]). The MoES's representatives underlined that this discourages the best students from considering the teaching profession. Diversifying careers by providing clear career paths (bridges towards management positions, mentors of other teachers, creation of specialised teachers, etc.) could also motivate teachers, encourage further growth and increase salaries as teachers take on different duties. This could help meet staffing needs, without taking teachers out of their classroom (OECD, 2016[8]).

Aside from raising the attractiveness of the profession with competitive salaries and designing motivating career paths, selecting the right candidates for the teaching profession is crucial to ensure the quality of education. Entrance examinations should filter candidates and secure skills match. In Latvia, however, there are still no selective criteria for entering initial teacher education or for hiring teachers.

Initial education and training plays a key role in ensuring the quality of teaching staff. Together with other factors, such as the image and status of teaching in society and the working conditions in education, requirements for entry into pre-service training influence the supply of prospective teachers, both in terms of quantity and quality. In 2018, the MoES started developing new concepts for teacher education. Universities are currently working on a new curriculum for initial teacher education programmes that includes standardised entrance criteria and final assessment requirements. The MoES has established a consultative council to supervise progress regarding the implementation of the projects and content related issues. However, the introduction of entrance examinations needs to be carefully balanced with the expected level of teacher salary: in a declining workforce context (OECD, 2019[21]), overly stringent hiring requirements may result in a teacher shortage.

Regardless of the quality of initial teacher education, it cannot be expected to prepare teachers for all the challenges they will face during their first regular employment as a teacher. A range of activities such as induction and mentoring programmes can smooth the transition, inspire potential applicants and contribute to attract the candidates most likely to blossom within the profession. In Latvia, however, only 12.3% of novice teachers are offered a formal induction programme, and only 16% have an assigned mentor, compared to 20% and 22%, respectively, across TALIS countries (OECD, 2019[18]).

Overall, the decline in student numbers associated with the ageing teaching workforce means that the school network must be reviewed and educational staff renewed. This provides a unique opportunity for Latvia to increase the value of the teaching profession in society by shaping a teaching profession that is attractive and selective, and that will therefore attract and retain the best and most suitable candidates.

Box 2.1. Relevant example: Attracting and selecting the best candidates to build a skilled pool of new teachers

National Gathering for the Teaching Profession: A bill to attract teachers in Sweden

According to the Swedish National Agency for Education (Skolverket), given current recruitment needs and future expected teacher certification, Sweden will experience a shortage of some 80 000 teachers in 2031. Moreover, according to an Attitudes' Survey conducted by the Swedish National Agency for Education every three years, one in four teachers in Sweden have seriously considered changing profession and/or workplace, and feel stressed at school. To address these issues, the government introduced the National Gathering for the Teaching Profession (Government Bill 2014/15:1), which proposed:

- A government programme to improve schools through a more attractive teaching profession, which provides suggestions on how to improve the working conditions of teachers and school leaders (e.g. removing administrative burdens).
- National certification for teachers.
- Government grants to improve career possibilities for teachers and to improve teachers' salaries.
- Alternative pathways to teaching, such as further training for people who work as teachers but do not have a teacher certificate, shortening initial teacher education and providing pedagogical training and financial support for people with a PhD in mathematics and science.

- An information campaign called “Pass it on” to attract more people to the teaching profession and boost the status of the profession.

Source: Schleicher, A. (2018[22]), *Valuing our Teachers and Raising their Status: How Communities Can Help*, International Summit on the Teaching Profession, https://dx.doi.org/10.1787/9789264292697-en. Ministry of Finance (2015[23]), *“Budgetpropositionen för 2015” [Budget bill for 2015]*, Stockholm, www.regeringen.se/rattsdokument/proposition/2014/10/prop.-2014151/.

Selecting teachers in Finland

Teacher education programmes in Finland are extremely selective as they recruit from the top quartile of upper secondary graduates. Applicants are assessed based on their upper secondary school record, their extra-curricular activities, and their score in the matriculation exam, which is taken at the end of upper secondary school. Applicants must also take an entrance exam, which is a take-home multiple-choice exam that assesses their ability to think critically and evaluate arguments in the education sciences. Having passed this first screening round, applicants are then observed in a teaching-like activity and interviewed; only candidates with a clear aptitude for teaching, in addition to strong academic performance, are admitted.

Source: National Center on Education and the Economy (2017[24]), *Finland: Teacher and Principal Quality*, http://ncee.org/what-we-do/center-on-international-education-benchmarking/top-performing-countries/finland-overview/finland-teacher-and-principal-quality/.

Recommendation for attracting and selecting the best candidates to build a skilled pool of new teachers

- **Fully Implement the review of teaching standards and ensure that they align with and promote the implementation of the new competency-based curriculum**. Base selection for initial teacher education on a mix of criteria and methods. In line with the ambitions of the new competency-based school curriculum and the (to be redefined) teaching standards, teacher education institutions should explore and pilot more elaborate, well-rounded selection criteria and intake procedures that cover a mix of cognitive and socio-emotional skills.

Promoting a life cycle approach to professional development

For the ambitious transition towards a competency-based curriculum to bear fruit and strengthen students’ outcomes, a careful preparation of the teaching workforce is required. On one hand, initial teacher education needs to be aligned with the new curriculum requirements, on the other hand, the incumbent teaching workforce has to be updated on pedagogical practices and assessment methodology (OECD, 2013[25]).

Initial teacher education is currently being reviewed in Latvia to redefine the content and restructure study programmes, and develop competency-based approaches in teaching. Twenty-three different programmes of initial teacher education are currently being developed, and a supervisory council that includes social partners has been created to monitor how universities work together to develop common standards for study programmes. The structure of the new teacher training system will follow two training routes. The most common, called the concurrent model, is a professional bachelor’s degree programme lasting four years which provides a teaching qualification for a specific level of education (pre-primary, primary or secondary) and, for secondary school teachers, a specific subject area. The second route is a one-year study programme for those who already have a higher education degree, but no pedagogical education.

However, initial teacher education must not only provide sound basic training in subject-matter knowledge, pedagogy related to subjects and general pedagogical knowledge, it must also develop the skills for reflective practice and research on the job (OECD, 2005[17]). Skilled teachers can apply the newest

research findings in their teaching and become the first line of researchers in their field. Scientific content and the advances of pedagogical research must enrich the curriculum of initial teacher education and teacher professional development (Sahlberg, 2011[26]). In Finland, teachers receive research-based orientation in pre-service teacher education, which makes them capable of designing school-based projects and of managing their own development in relation to school development (Niemi, 2015[27]).

Latvian researchers from Dynamic University (2016[28]) underline that a competence-based approach to learning is characterised by an emphasis on the use of knowledge, acquisition of skills, greater integration of curriculum content, independent pupil activity and a deeper understanding of topics. However, they observe that the excessive number of subjects, current objectives, content and form of testing currently hinder the full implementation of this approach in Latvia. The MoES plan to align the end of lower secondary and upper secondary assessments to the new curriculum represents an important start, but pedagogical methods and assessment practices also must be updated.

Sustained professional development will play a key role in the successful implementation of the new curriculum, particularly given the ageing workforce. In Latvia, professional development is mandatory, with teachers and school leaders required to undergo at least 36 hours of training every three years; however, the number of hours of training is low compared to many OECD countries. For instance, in Estonia, teachers have to complete 250 to 300 hours of professional development activities every six years for promotion or salary increases, and in Singapore, teachers are entitled to 100 hours per year for professional development (OECD, 2014[29]). These two countries have the highest indices of teacher professionalism[5] among OECD countries participating in TALIS (OECD, 2016[30]). Despite the relatively low requirement for professional development in Latvia, teachers report, compared to their TALIS counterparts, an average need for professional development, and significantly lower barriers to participation (OECD, 2019[18]).

Once efforts have been made in raising the quality of teachers by improving the hiring, initial training, professional development and career structure, the MoES could explore the transition from a classical school model towards a “school as learning organisation” paradigm. A growing body of research evidence has shown that schools operating as learning organisations can react more quickly to changing external environments and embrace changes and innovations in their internal organisation. The evidence furthermore shows a positive relationship between the development of a school as a learning organisation and a range of staff outcomes, such as job satisfaction, self-efficacy, readiness for change and experimentation. Schools working as learning organisations create a conducive context for exchange among staff members and promote continuous improvement (Kools and Stoll, 2016[31]).

The MoES could also consider the establishment of a specific body to foster the continuous professional development of teachers. In Ireland, the creation of the Teaching Council in 2004 was an opportunity to increase the morale and status of the profession, and to enhance the teaching profession’s preparedness for the challenges ahead (Coolahan, 2003[32]). The Teaching Council gives the teaching profession in Ireland a considerable degree of control over entry to teaching and over all facets of teacher education. For instance, it advises the minister in relation to teachers’ continuous professional development, promotes engagement in professional development (including induction and mentoring), and conducts research and raises awareness of the benefits of teachers’ learning, among the public and teaching profession alike (Teaching Council Ireland, 2019[33]). When traditional training providers are slow to adapt or reluctant to innovate beyond their teaching and research mandate, a specific body, such as the Teaching Council, can help to more efficiently tackle the specific challenges faced by the teaching profession.

Overall, curriculum reform in Latvia will require a change in teaching and pedagogical approaches, which should not be overlooked by teachers or the MoES. The challenge will be to build the capacity needed to deliver the intentions of the curriculum in the classroom. This will involve teachers being motivated to update their skills and knowledge and to invest significantly in continuous professional development to equip them with the adequate competences. In the long-term term, adopting a more holistic approach that

views the school as a learning organisation would strengthen a life cycle approach to professional development.

Box 2.2. Relevant examples: Promoting a life cycle approach to professional development

Project SO 8.3.1 "The competency approach in education curriculum" in Latvia

The goal of this project is to develop, pilot and gradually implement a competency-based curriculum in general education – pre-primary, basic and general secondary education. To reach this goal the project intends to implement a set of activities:

- Develop and pilot the curriculum content and subject programmes; develop teaching, learning and methodological materials and diagnostic tools; and develop learning materials for children and young people with special needs.
- Implement professional development activities for teachers; facilitate exchange of experience and organise support activities for the implementation of the new curriculum, including training of teachers' teams from 100 pilot schools; provide training for all heads of pre-primary, general and vocational education institutions and their deputies; encourage dissemination of good practice by organising seminars and conferences; create a platform for digital learning resources and develop free-access e-learning modules for educators to support their teaching.
- Create a favourable environment for curriculum implementation by explaining the objectives and methods of the competence approach and by involving education policy makers, local governments and universities in achieving the project goals.

To increase the number of teachers trained for the implementation of new teaching approaches, amendments to the project were introduced in spring 2018. These foresee funding for training an additional 2 450 teachers, including 50 teachers who will be trained as trainers.

Source: Ministry of Education and Science information.

Collaborative learning and working through networks – example from Austria

Schools as Learning Organisation is a central feature of the Austrian New Secondary School reform. The reform started as a relatively small-scale project in 2008, and it has since been a mandated school reform. Central to the reform is the creation of a new leadership position at the school level, the Lerndesigner, a teacher-leader who together with the school's principal and other teacher-leaders (subject co-ordinators, school development teams, etc.) serve as change agents in their schools, driven by the principle of school-specific reform and focused on the national goals of equity and excellence.

The reform strategy lies in qualifying teachers to become teacher-leaders, thereby enabling them and their schools to realise effective shared leadership. Much effort is therefore placed on building social and leadership capital through networking events, which play a central role in the reform, as they provide the venue for learning, peer learning and dissemination of good practice. A specially designed two-year national accredited qualification programme for Lerndesigners and an online platform for sharing ideas and practices form an integrated part of the reform's continuous professional development and leadership development efforts. Responding to the need to connect Lerndesigners, virtual Professional Learning Communities (PLCs) have been in a prototyping phase since the school year 2013/14 and are now being implemented as common practice. The rationale for creating and qualifying and networking change agents was clear, and focused: transformation at all levels occurs when change agents are networked and establish communities of practice.

Source: OECD (2015[34]), *Schooling Redesigned: Towards Innovative Learning Systems*, Educational Research and Innovation, http://dx.doi.org/10.1787/9789264245914-en.

The Teaching Council in Ireland

The Teaching Council was established in Ireland in 2004 and has wide-ranging responsibilities on entry standards, training courses, in-service education, research and professional conduct. It advises the Ministry of Education and Skills on professional standards and entry requirements, and guarantees these standards are upheld, for instance by accrediting initial education programmes, regulating the induction process and contributing to the development of continuous professional development. The Council also oversees teacher registration and the Fitness to Teach process, whereby it investigates complaints about registered teachers. The Council is comprised of 37 members: 11 primary teachers, 11 post-primary teachers, 2 nominated by colleagues of education, 2 nominated by specific third-level bodies, 4 nominated by school management (two primary and two post-primary), 2 nominated by parent associations (one primary and one post-primary), and 5 nominated by the minister.

Source: Teaching Council Ireland (2019[33]), *Role of the Teaching Council*, www.teachingcouncil.ie/en/About-Us1/Role-of-the-Teaching-Council-/.

Recommendations for promoting a life cycle approach to professional development

- **Consider establishing a separate body to raise the quality of teachers and promote the teaching profession.** The scope of action of such a body could extend from defining teaching standards and selection criteria into the teaching profession, to programme accreditation, continuous professional development and career paths. In the short term this body could identify which competences the incumbent teaching workforce is lacking for the successful implementation of the new curriculum and ensure adequate professional development is provided. In the long term it could sustain the continuous improvement of the teaching profession.
- **Develop schools as learning organisations in the long-term to empower teachers to put the curriculum into practice**. In such schools, teachers, support staff and school leaders benefit from career-long development that is based on research and effective collaboration. This involves moving away from the current model of delivering professional development through courses away from the school setting towards a more collaborative, practitioner-led experience which is embedded in classroom practice. It also involves reviewing the role and selection of school leaders, as strong pedagogical leadership is pivotal in transforming schools as learning organisations.

Opportunity 2: Fostering continuous quality improvement from ECEC to secondary education

Evaluation and assessment arrangements are key to improvement and accountability in school systems. Governments and education policy makers are increasingly focused on the evaluation and assessment of students, teachers, school leaders, schools and education systems. These assessments are used as tools to better understand how well students are learning, to provide information to parents and society at large about educational performance, and to improve the school, school leadership and teaching practices (OECD, 2013[25]). Latvia is currently reviewing these arrangements to complete the existing framework and align it to the new curriculum requirements.

Reviewing the appraisal system

Teacher and school leader appraisal refers to the evaluation of educational staff in order to make a judgement and/or provide feedback on their competencies and performance. It typically aims to support professional development and/or career advancement, and can also serve to hold teachers and school leaders accountable for their practice.

Due to the increasing complexity of roles, it is crucial to provide adequate feedback and support for all educational staff to continuously develop their skills. In this context, the definition of what constitutes good teaching and leadership, as well as the appraisal of practices in relation to agreed standards of good practice, are crucial elements in developing effective teaching and leadership for the 21st century.

In Latvia, new basic education standards were approved by the government in 2018 and secondary education standards were approved in 2019. However, there are no national standards for ECEC teachers and school leaders to inspire, assess and guide staff in their professional development. Research shows that education systems benefit from clear and concise profiles of what educational staff are expected to know and be able to do in specific subject areas (OECD, 2013[35]).

Since 2017 school leaders are evaluated every six years during the school re-accreditation process by the State Education Quality Service (SEQS), but municipalities evaluate them more frequently to inform decisions on performance and salary allowance.

Latvian law specifies that it is the responsibility of the school leader to organise yearly teacher appraisals; however, there is no specific rule on how they should be done or on how they inform teacher professional development. Moreover, the Assessment System of Teacher Performance, implemented in 2009, is designed as a performance-based pay system, rather than being geared towards supporting teacher development. As part of this system teachers are assessed in five key areas[6] and receive a grade from one to five that determines their financial reward as a percentage of the monthly minimum salary (OECD, 2016[8]). In 2017, the MoES introduced a new teacher evaluation model that reduced the number of quality levels from five to three and simplified the process of evaluation. The most important criteria for assessing the quality of teachers' work is their daily work in the classroom, their co-operation skills and the learning outcomes of their pupils. The quality level can be awarded to a teacher for one, two or three years and is valid only in the education institution where the teacher has been assessed. The assessment is voluntary and the teacher can choose the quality level to which he or she applies.

Due to the upcoming transition to a competency-based curriculum, appraisals should be seen as an opportunity to align teachers' competence with the new teaching requirements. Embedding professional development in the evaluation and assessment framework can align needs in professional development with school self-improvement, as long as appraisal guidelines closely reflect the ambition of the new curriculum in terms of pedagogical methods. In light of the curriculum transition, the low professional development requirements could be revised both for teachers and school leaders, and the extent to which the rule of 36 hours of training every three years is enforced by school leaders, founders and the SEQS could be explored.

Box 2.3. Relevant example: Reviewing the appraisal system

Using appraisal results for performance review and professional development in Northern Ireland, United Kingdom

Northern Ireland established a performance review and staff development (PRSD) scheme in 2005, which is a systematic process to support all principals, vice principals and teachers with their professional development and career planning. The components of the review process include three stages: planning, monitoring and reviewing.

The PRSD is closely linked to the school's strategic plan for improvement, known as the school development plan (SDP). The SDP brings together the school's priorities, the main measures it will take to raise standards, the resources dedicated to these, and the key outcomes and targets it intends to achieve. It sets out the overall "roadmap" for the three years ahead, with a focus on the school's key priorities and action plans.

It is the duty of each school's board of governors to ensure that the training and development needs identified through the PRSD are reflected in the SDP, and that corresponding opportunities for professional development are made available to all teaching staff.

Source: OECD (2013[25]), *Synergies for Better Learning: An International Perspective on Evaluation and Assessment*, http://dx.doi.org/10.1787/9789264190658-en.

Recommendation for reviewing the appraisal system

- **Develop occupational standards for school leaders and ECEC support staff, and ensure that developed standards are aligned with the new curriculum**. Develop national guidelines for appraisal, and link it to teachers' professional development to initiate a life cycle approach to professional development, rather than a mere performance-based pay system.

Strengthening school evaluation

The effective monitoring and evaluation of schools is central to the continuous improvement of student learning: schools need feedback on their performance to help them identify how to improve their practices, and schools should be accountable for their performance (OECD, 2013[25]).

In Latvia, national regulations determine the structure of school self-evaluation at primary and secondary education levels, but each school chooses its method. Self-evaluation has to be conducted every year, include an indicator relative to teacher's professional development, and be published on the school's or the founder's website for transparency. However, the relative quality of school self-evaluation, and to what extent this process feeds into the school development plan, is not clear. In addition, evidence suggests that founders may not have the capacity to follow-up with their schools effectively once accreditation has been granted (OECD, 2016[8]).

External evaluation and accreditation are the legal responsibilities of the SEQS and are carried out by trained evaluators who represent key stakeholders, including experienced and recognised educational experts and leaders from other schools. This expert commission considers multiple sources of evidence, such as the school's self-evaluation report, classroom observations, documentation and surveys. It uses 19 quality criteria grouped under the following 7 key areas: curriculum; teaching and learning; attainment; support for students; ethos; resources; and management, leadership and quality assurance.

External evaluation is a high-stakes event as a school can lose its accreditation and the ability to deliver a state-recognised document upon completion of an education programme. It happens at least every six

years and can provide the opportunity to benefit from the constructive criticism of the trained evaluators. The system is currently being reviewed by the SEQS.

In terms of teacher appraisal, policy coherence is key, and it will be important to consider how the new school evaluation process will form an integrated part of the larger assessment and evaluation framework. The revision of the system also needs to take into account a broader framework that includes the requirements of the new curriculum to be implemented. It is important to explore how the SEQS is engaging with other services and agencies, in particular with the Ministry of Regional Development, to ensure that policy is consistent in terms of school consolidation and territorial reform. In addition, the evaluation framework is mostly qualitative, and it should be considered whether quantitative information should also be included in school evaluation. In this regard, a new evaluation framework that includes quantitative information is currently being developed.

The Guidelines for Pre-primary Education regulate the activities of pre-primary educational institutions and apply to any institution that develops and implements pre-primary educational programmes. These programmes have to be licensed, but institutions do not need to undergo a process of accreditation, which means that the quality of the pre-primary educational institutions is not strictly monitored. A complaint from a parent or another state institution can initiate an external evaluation by the SEQS, but full responsibility for the quality of these institutions has been given to the municipalities. This raises concerns regarding the capacity of different municipalities to monitor, evaluate and manage their institutions (OECD, 2016[8]). An evaluation of the professional activities of heads of educational institutions, initiated in 2018, provides an insight into the quality of pre-primary educational institution activities. However, according to stakeholders met during bilateral meetings of the OECD Secretariat visit, these evaluation activities are relatively superficial, and seldom lead to school improvement processes.

Box 2.4. Relevant example: Strengthening school evaluation

Self-review at the heart of school evaluation in New Zealand

The Education Review Office (ERO), the external review body in New Zealand, aims to place school self-review at the core of the school evaluation process.

Schools are increasingly seen as responsible for providing their own accountability information, with the ERO guiding schools towards continuous improvement. It does not prescribe methods for self-review, but provide tools and offers professional development services. For instance, in guidance documents, school self-review is conceived as a rigorous process in which schools systematically evaluate their practice using indicators as a framework for inquiry and employing a repertoire of analytical and formative tools. Self-review is promoted as something embedded in teachers' thinking and practice.

The whole system relies on the trust relationship developed between schools and the ERO. Workshops disseminate good practice, reassure school staff and equip them with self-evaluation tools. They have served to demystify self-review and external review, and clarify the links between them.

Source: OECD (2013[25]), *Synergies for Better Learning: An International Perspective on Evaluation and Assessment*, http://dx.doi.org/10.1787/9789264190658-en.

Recommendations for strengthening school evaluation

- **Consider strengthening the role of the SEQS to support low-capacity education institutions and municipalities** so that all education institutions have the capacity to lead and appropriately use meaningful self-evaluation, and so that founders have the capacity to reflect on the school improvement plan. This can take the form of toolkits framing self-evaluation distributed to education institutions, or advisory teams visiting the municipality in needs.
- **Establish a procedure for assessing the quality of education for the pre-primary education institutions,** in line with the accreditation process for primary and secondary schools, to ensure the quality of education at all education levels across the country. Devolve the responsibility for external evaluation to a central agency, such as the SEQS.
- **Foster greater policy coherence by embedding school evaluation and external evaluation within a broader evaluation and assessment framework** that supports the introduction of the new curriculum.

Strengthening system level monitoring

Due to the increased emphasis on evidence-based policy making, the effective monitoring and evaluation of the education system is central to informing policy planning for improvement. In particular, system evaluation can provide timely and valuable information to monitor quality within the education system and to help focus stakeholders on the major goals and challenges in the education system as a whole.

The absence of a national assessment instrument to monitor child development and ECEC quality raises concern, as the literature has largely documented that benefits from ECEC are conditional on quality (OECD, 2011[36]). It can be questioned why the control on ECEC institutions is so loose once they have obtained their license, and why a national agency, such as the SEQS, has not been charged with the external evaluation of ECEC institutions.

The previous review of the Latvian education system suggested adapting the Early Development Index (EDI) originally developed in Ontario, Canada. Such a tool should reflect cultural and societal needs and match the country's specific context. The EDI typically measures five areas: 1) physical health and well-being; 2) social competence; 3) emotional maturity; 4) language and cognitive skills (school-based); and 5) communication skills and general knowledge. Data are not reported at the child or class level, which means they are not used as a diagnostic tool for individual children or to assess their school readiness. However, the results of the EDI do allow local authorities, communities or providers to assess how local children are developing relative to other children (OECD, 2016[8]).

The Latvian State Education Information System (VIIS) gathers information on educational institutions at all levels regarding accreditations, educational programmes, student enrolment and completion rates, etc. It produces the Latvian official statistics on educational institutions and is updated by the SEQS and educational institutions. The VIIS provides school founders and the SEQS with quantitative data to evaluate the quality of education. It also serves as an input for school external evaluation, as the SEQS reviews school accreditation based on the aforementioned criteria and data from VIIS, such as the professional development undertaken by educational staff, the attendance of students and the number of early leavers. However, there is no centralised monitoring mechanism that could help determine educational institutions with low student learning outcomes before the regular six-year reaccreditation process, and thus trigger an external evaluation by the SEQS.

A previous OECD review questioned the quality of the data centralised in the system (OECD, 2016[8]), and it would be interesting to know what processes have been implemented to improve the reliability of these data. Furthermore, the review underlined the need to enrich existing datasets with contextual information and develop a systematic tracking of students. Complementary information, such as the socio-economic background of students, can help design more effective and equitable policies, while information on

students' path and performance can help to identify potential learning difficulties early on and be a powerful means of reducing drop-out numbers. The VIIS is currently being updated by strengthening its system alignment with other information systems and databases, and intensifying data exchange, for example with the State Revenue Service, to improve the tracking of students.

The VIIS should be integral to comprehensive quality monitoring that enables the systemic analysis of problematic issues; it should also be an input for national research to spread good practice and ground policy initiatives on sound evidence. Such a system is expected to be implemented in 2023, and the OECD considers that a clear implementation strategy should already be set out and communicated to relevant stakeholders, along with ensuring that sufficient capacity exists at the state government level to lead data analysis and inform the design of evidence-based education policy.

Box 2.5. Relevant examples: Strengthening system level monitoring

Development of the Education Quality Monitoring System by 2023 (funded by the European Social Fund, ESF) in Latvia

The ESF project on developing the monitoring of education quality began in 2018. The following steps are to be undertaken by 2023:

- Develop a description of the monitoring system and develop and validate prototypes of education quality monitoring tools.
- Establish a national research programme in education and, within the dedicated funding, implement studies that will allow an in-depth analysis of the different challenges regarding quality of education, as well as the reasons behind these challenges.
- Simultaneously carry out strategic communication and a set of training activities aimed at educating, informing and strengthening the analytical capacity of the education experts in the ministry and involved stakeholders.

Source: Ministry of Education and Science information.

The development of indicator frameworks for system evaluation in Australia

A core strength of system evaluation in Australia is the existence of clear standard frameworks both for reporting key performance measures and for general government sector reporting. A common measurement framework including national key performance measures was constituted in 2000 and has been reviewed every three years since 2012 by the Australian Curriculum, Assessment and Reporting Authority. The framework includes "a set of measures limited in number and strategic in orientation, which provides nationally comparable data on aspects of performance critical to monitoring progress against the National Goals for Schooling in the 21st Century". This framework clearly presents the agreed measures and their source for each of the identified strategic priority areas.

Source: OECD (2013[25]), *Synergies for Better Learning: An International Perspective on Evaluation and Assessment*, http://dx.doi.org/10.1787/9789264190658-en.

Recommendations for strengthening system level monitoring

- **Develop a common assessment tool to monitor child development and ensure pre-primary education quality.** This instrument could support the external evaluation of pre-primary education institutions and inform the MoES regarding early childhood policies.
- **Develop a set of indicators that could flag education institutions in need of support, including low performing education institutions,** and trigger an external school evaluation from the SEQS before the normal six-year evaluation cycle. This set of indicators should be defined collaboratively, according to performance and quality of education delivery criteria, in light of the school consolidation process.
- **Finalise and implement a comprehensive monitoring system** that ensures alignment between the different evaluation arrangements (teacher appraisal, school evaluation, system level monitoring). Incorporate the systematic use of the VIIS as an input for research to spread best practice and ground policy initiatives on scientific evidence.

Opportunity 3: Improving equity between urban and rural areas

Latvia is a highly decentralised country. There are 110 local governments (*novadi*) and 9 large "republican cities" (*republikas pilsētas*) with their own council and administration. Each of these 119 municipalities has significant responsibility and autonomy for public service delivery. They vary considerably in size, ranging from Riga, with about 641 423 residents, to the municipality (*novads*) of Baltinava with about 1 000 residents. The current administrative structure is the result of a territorial reform in 2009 whereby the number of municipalities was reduced from over 500 through amalgamation (OECD, 2016[8]).

The education challenge for Latvia consists of ensuring equity across a varied country. Equity in education means that schools and education systems provide equal learning opportunities to all students (OECD, 2018[11]). Equity does not mean that all students obtain equal education outcomes, but rather that differences in student outcomes are unrelated to their background, location or to other economic and social circumstances over which they have no control.

Latvia's education system shows a mixed picture in terms of equity. On the one hand, the compulsory education system is relatively inclusive, for example, the impact of socio-economic factors on student performance is below the OECD average. On the other hand, there are wide regional disparities in student outcomes. Latvian students in rural schools have on average lower skills and are less likely to continue further studies. Rural schools face many challenges, including attracting the most talented teachers and preventing drop-out. Furthermore, the declining student population puts pressure on rural schools to remain efficient with low student numbers.

Reviewing the school consolidation process

The funding system for primary and secondary education changed in 2009/2012 when it began to tie resources to pupil enrolment (the "money follows the student" principle). This reform resulted in a rationalisation of the school network and stimulated small (rural) schools to be consolidated in larger schools. However, as a result of the territorial reform in 2009, the governance of the school network became more fragmented. As explained in Chapter 5, the resources of municipalities are linked to their own tax capacity, which varies greatly across Latvia, and a persistent decline in pupil enrolment due to demographic change creates further financial pressure on municipalities, and hence schools. In 2017, an independent study commissioned by the MoES, "Creation of an optimal model of the network of general education institutions", was conducted to develop an optimal network of general secondary education institutions. The number of education institutions that form a network differs between municipalities, depending on the size and number of inhabitants in the municipality.

However, there are still small schools that are not being closed because the decision to close an education institution belongs to the municipality – the founder. The average rural secondary school in Latvia has 146 students, less than half the OECD average of 369 (OECD, 2016[14]). Research suggests that small low-performing schools should be closed, especially in rural areas where they are maintained as community centres at the expense of the quality of children's education (Turlajs, 2017[37]). One way to support founders in their decision to close small low performing schools would be to develop at the national level a set of objectives, transparent criteria, for decisions around consolidating schools. This would strengthen the founder's responsibility in establishing and operating an efficient school network, by alleviating the political pressure on school founders. Freed-up resources following the consolidation of the school network should be invested in improving transportation for students.

Currently, the school founder is expected to evaluate the maintenance of the school network. In municipalities with few students where the salary fund for teaching staff and "support staff", including school librarians, school psychologists, speech therapists, career counsellors, special education teachers, is low due to the "money follows the student" principle, teaching staff salaries are prioritised in order to meet curriculum objectives. This means that smaller schools lack the support staff who can help increase student success and prevent drop-out due to issues such as bullying, dyslexia and a lack of motivating career objectives.

While the new funding system aims to promote consolidation and efficiency, the inability of local governments to pay could translate into unequal access and quality of education at the local level (Terauda, Reetz and Jahn, 2014[38]). According to PISA, socio-economic background in Latvia does not fully explain disparities between urban and rural areas (Figure 2.3). Krasnopjorovs (2017[39]) finds that these disparities disappear when controlling for school size, teacher wage and teacher age, suggesting they are important explanatory variables as well.

After graduating, teachers are free to choose where they want to work, which makes it difficult for schools in small rural municipalities to attract young talented teachers due to their limited financial means. In PISA 2015, rural school principals in Latvia reported fewer science related resources and fewer qualified science teachers, meaning that rural schools have a lower share of teachers with a tertiary qualification (OECD, 2016[14]). Stakeholders also mentioned that the best students would leave rural schools for urban schools, thus worsening the performance gap between rural and urban schools and depriving rural schools from role models and positive peer effect. This is most common when children transition from primary education, which has to be provided close to the child's residence, to lower or upper secondary education.

Many OECD countries have implemented financial incentive packages to reduce teaching quality heterogeneity. Salary increases and other types of financial additional payments are often cited as factors for ameliorating unattractive working conditions in disadvantaged schools. For example, many countries provide substantial salary allowances for teaching in difficult areas, transportation assistance to reach remote areas, or additional payments for specialised skills to help ensure all schools are staffed with teachers of similar quality. In Estonia, for instance, new teachers are offered a one-off allowance of more than EUR 12 750, paid in three instalments during the first three years of teaching, to encourage them to work in small towns and rural areas (OECD, 2014[40]).

The importance of professional development for all Latvian teachers has been highlighted in the section Opportunity 1: Building capacity to improve the teaching workforce. According to PISA, science teachers' participation in professional development activities is not statistically different between urban and rural, or advantaged and disadvantaged areas (OECD, 2016[14]). However, data on the quality of professional development would provide information on the homogeneity of teacher's support and growth opportunities across the territory.

The state subsidises several professional development activities through the annual state budget programme, and within the framework of ESF projects. Professional development is also funded by highly heterogeneous municipalities, whereas requirements in terms of qualifications and professional

development for teachers are equal across Latvia. However, stakeholders reported that access to professional development activities is unequal across Latvia, and that if a municipality does not provide funding it is the responsibility of teachers to undertake and fund their own professional development to meet the requirement of hours/years.

Box 2.6. Relevant examples: Reviewing the school consolidation process

Developing a school map in Latvia

The MoES commissioned an independent study in 2017 to create a geospatial planning platform mapping the different networks of general education institutions. The goal of the project is to develop an optimal network of general secondary education institutions.

The study was developed on the basis of data on pupil numbers, demographic and migration trends and forecasts in municipalities, access to educational institutions, the socio-economic situation of municipalities, and quality indicators of educational institutions. The geospatial planning platform, named School Map, was published in July 2017.

In 2018, data on School Map was updated to provide information on three school years. The results of the mapping are used for further negotiations with municipalities on the improvement of the network of general education institutions.

Source: Turlajs (2017[37]), *Creation of An Optimal Model of the Network of General Education Institutions*, https://izm.gov.lv/images/jaunatne/Optimala-visparejas-izglitibas-iestazu-tikla-modela-izveide-Latvija.pdf.

Reconciling incentives for network efficiency with funding for small schools in Estonia

Over half of all Estonian municipalities only operate one school, many of which are small in size. Since the Estonian government is committed to providing primary education close where students live, the formula used to allocate education salary grants to local governments is primarily designed to encourage consolidation at the lower secondary level (years 7-9). Municipalities that close lower secondary schools continue to receive funding for these students for multiple years, while the municipality that takes them on also immediately receives whichever level of funding was assigned to them prior to the consolidation.

Support for consolidation at the upper secondary level is supported through direct investment grants. Local governments that reduce their number of upper secondary schools are eligible for special investment grants, and the national government fully covers the cost of transportation for students who decide to commute to one of the newly constructed state-run gymnasiums.

In addition, to provide local governments with greater long-term financial security when planning the reorganisation of their school networks, the coefficients used to allocate both salary and equalisation grants were fixed in 2015 and are no longer subject to annual changes.

Source: Santiago et. al. (2016[41]), *OECD Reviews of School Resources: Estonia 2016*, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264251731-en.

Recommendations for reviewing the school consolidation process

- **At the national level, define a set of transparent quantitative and qualitative criteria for decisions-making around consolidating schools, in order to strengthen the founder's responsibility in establishing and operating an efficient school network**. This would alleviate the political pressure on school founders, and could support the school consolidation process to move forward with certain quality criteria. To establish an efficient network and compensate the closure of schools, the state, in co-operation with municipalities, should develop effective student transportation systems.
- **Consider designing incentives to motivate highly competent teachers to teach in rural areas**. These could be financial incentives set by an external evaluation body like the SEQS.

Ensuring equal access to quality ECEC

During the last two decades, Latvia made good progress in expanding ECEC services (OECD, 2016[8]). In 2016, 95.5% of children from the age of 4 up to mandatory school age were involved in pre-primary education. On average, children spend 3.9 years in ECEC in Latvia, which is above the OECD average of 3 years.

However, as in Poland, Finland and Estonia, geographical location is a significant factor in the number of years a child attends ECEC in Latvia. A child living rurally will, on average, attend ECEC for six months less than a child living in an urban area, which is more than double the OECD average (OECD, 2016[14]).

Lower ECEC coverage in rural areas can be related to a number of factors on the supply and demand sides, such as provision at reasonable distance and cost, and occupational patterns and family structures (Echazarra and Radinger, 2019[12]). According to the MoES, lower attendance in rural area is linked to lower demand from families, which may be due to contextual factors and parent choice, traditions and opportunities of employability, rather than a supply shortage. Rural pre-primary education institutions struggle to enrol children due to outward migration flows to cities.

Access to ECEC from the age of 1.5 became a legal entitlement in 2011. In urban areas, especially Riga, this has translated into a shortage of public places and long waiting lists. Private providers rely on relatively high tuition fees, whereas in public institutions, parents only pay for their child's meals and the learning materials used (pencils, crayons and paper). However, families registering their child in a private institution, while registered on a public waiting list, are subsidised by the local government up to the cost that a family would have to bear of a child in the public system (OECD, 2016[8]).

To support families restricted to enrolling their child in a private pre-primary school, and to allow municipalities to adjust ECEC supply in urban areas, the Latvian state government has established a temporary co-funding procedure. A pilot project, "Childcare support and child-minder service", took place between 2013 and 2016. Within this project, the state government complemented the municipality's subsidy for families enrolling their children in private ECEC institutions (OECD, 2016[8]).

However, with this kind of financial transfer there is a risk that the increase in subsidies is captured by private institutions inflating their fees to keep parental contribution constant. In addition developing new public facilities may not be desirable as the forecasted decline of the population may resorb the shortage issue in the near future, and the observed shortage of public places may be upward biased, since parents are likely to register on several public waiting lists to maximise their chance of a place at a public pre-primary school.

In order to increase equity in ECEC access and to raise the use of private institutions by those with low income, Latvia could consider introducing means-tested support from municipalities. Such a measure could reduce the discrepancy in cost between private and public institutions for low-income families, and free some space in the public sector.

Box 2.7. Relevant example: Ensuring equal access to quality ECEC

Means-tested childcare support in Denmark

ECEC services are offered free to very poor families and at reduced rates to families on moderate incomes in Denmark. Fees are adjusted in line with household income up to threshold of just over DKK 500 000 (Danish kroner), roughly one-and-a-quarter times the average Danish wage. However, means tests on childcare support need to be designed carefully – targeting too sharply can leave parents on moderate incomes with little support and damage work incentives for parents on low earnings.

Denmark has one of the highest enrolment rates in ECEC across OECD countries, and one of the most equitable ECEC systems. Access to ECEC in Denmark neither depends on the disposable income of the household nor the mother's education attainment. Moreover, low-income families spend roughly the same share of their disposable income on ECEC as high-income families.

Source: OECD (2016[42]), *Who Uses Childcare? Background Brief on Inequalities in the Use of Formal Early Childhood Education and Care (ECEC) Among Very Young Children*, www.oecd.org/els/family/Who_uses_childcare-Backgrounder_inequalities_formal_ECEC.pdf.

Recommendation for ensuring equal access to quality ECEC

- **Establish means-tested support from municipalities to reduce the financial burden associated with ECEC** for families from the lower end of the income distribution who don't have access to a public pre-primary school.

Opportunity 4: Strengthening vocational education and training (VET)

Vocational education and training (VET) plays an essential role in preparing young people for work and responding to the skill needs of the labour market. Latvia estimates that demand for VET graduates will be higher than supply by 2035 (Ministry of Economics, 2018[43]).

In recent years, Latvia has undertaken several reforms to strengthen its VET system (Chapter 1), including a curriculum reform, the development of educational standards and qualifications, modular VET programmes, teacher training and closer co-operation with employers. It has also begun to develop a work-based learning framework based on the results of pilot projects. To respond to the declining population trend, the VET school network has been re-organised and vocational education competence centres (VECC) have been established. While these reforms are significant steps in the right direction, there remain important challenges in the VET system, such as the difficulty to attract candidates, and high drop-out rates (Ministry of Economics, 2018[43]).

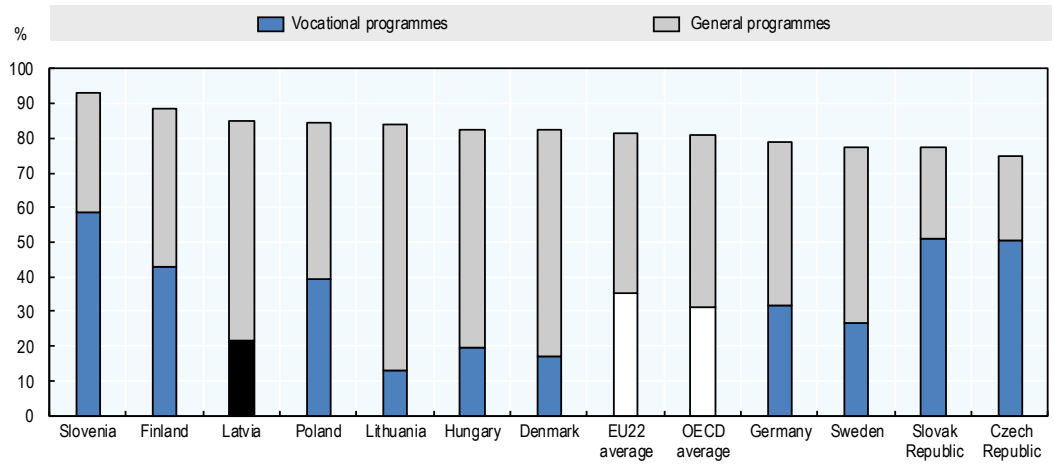
Boosting vocational education take-up

Latvia has set a target for 2020 that aims for at least 50% of the total number of pupils pursuing upper secondary education to be studying in vocational secondary education programmes (Ministry of Education and Science, 2014[44]). After completing basic education (grades 1 to 9), most students in Latvia enter upper secondary education (grades 10 to 12) where they can choose between general education and vocational education. At the upper secondary vocational level (known as "vocational secondary education" in the Vocational Education Law) there are three types of programmes:

- Two- to three-year programmes leading to a certificate of vocational education and a professional qualification (ISCED 3, EQF level 3) in a named occupation, but not granting access to tertiary education.
- Four-year programmes leading to a diploma of vocational education which grants access to tertiary education and a professional qualification (ISCED 3, EQF level 4) in a named occupation.
- Post-secondary education, which is primarily for 17-29 year-olds with or without a completed secondary education to help them acquire vocational skills (OECD, 2016[8]).

In the school year 2017/2018, about 39% of students entered vocational programmes after completing basic education, while 61% entered upper secondary general education (Table 2.1). These proportions have not evolved over the recent years despite efforts to make vocational education more attractive (curriculum reform, modular VET programmes, development of a work-based learning framework, etc.). Consequently, first-time graduation rates below age 25 are significantly higher in general programmes than in vocational programmes (Figure 2.7). Only 22% of students graduate from vocational programmes before the age of 25, compared to 31% on average across OECD countries.

Figure 2.7. First-time upper secondary graduation rates for students below the age of 25, by programme orientation (2016)



Note: Countries are ranked by ascending percentage of students in vocational programmes. EU22 includes Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, the Netherlands, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom.
Source: OECD (2018[4]), *Education at a Glance 2018: OECD Indicators,* Figure B3.3, https://dx.doi.org/10.1787/eag-2018-en.

StatLink https://doi.org/10.1787/888934035550

The vocational education system as a whole, as evident from various sources, suffers from a lack of prestige (Cabinet of Ministers, 2009[45]). In Latvian society, vocational schools are considered a second best choice for education, designed for those who cannot study in general secondary education or those who do not consider further studies at the tertiary level. According to results from the 2011 Eurobarometer Survey, only 63% of respondents in Latvia perceived VET to provide "high-quality learning", the second lowest value among EU-27 countries[7] (European Commission, 2011[46]; OECD, 2015[47]). This generalised feeling is partly linked to a polarised system, where vocational and general education institutions are clearly distinct, and where students mistakenly believe that secondary vocational education graduates cannot directly access tertiary education. In fact, the majority of secondary VET programmes currently provide a general upper secondary curriculum component that allows students to continue studies at the tertiary level (OECD, 2016[8]).

Accordingly, the attractiveness of vocational education was set as one of the policy priorities for education in the education development guidelines (Cedefop, 2015[48]). In 2009, the Cabinet of Ministers launched a strategy to make vocational education more attractive and to involve social partners more actively.[8] This included the creation of 14 sectoral qualification frameworks, the introduction of modular VET programmes and the revision of assessment practices. In 2015, planning began for another round of major reforms, due to take place from 2017-18, that included the development of work-based learning and the further modularisation of programmes. Unfortunately, these measures were not fully rolled out when the 2016 Cedefop survey revealed that over two-thirds (64%) of Latvians tend to agree that general education has a more positive image than VET (Daija, Krastina and Rutkovska, 2018[49]). However, the effect of these reforms will be more tangible in the medium term, as substantial mindset change takes time. Representatives of the MoES have already indicated some positive developments that have been witnessed during discussions with students, teachers and parents in terms of positive changes in the perception of the VET track.

One way to improve VET take-up is to set up efficient career guidance and counselling. Young people, their parents, teachers and other intermediaries often demonstrate insufficient information or poor understanding of some options, and in particular those related to VET, and their potential to support young people into ultimate employment. As young people stay in education and training longer, VET opportunities are often overlooked, despite providing tangible employment opportunities (Musset and Mytna Kurekova, 2018[50]).

Box 2.8. Relevant example: Boosting vocational education take-up

Career guidance and advisers in Scotland

Scotland has a well-developed and comprehensive system of career guidance. The Scottish Government funds a national public body, Skills Development Scotland (SDS), to deliver work-based learning; engage employers in learning; and deliver independent and impartial career information, advice and guidance (CIAG). The end goal is to help Scotland's population create and implement their own personal plans in an increasingly complex and fluid world of work.

The all-age CIAG service is delivered in schools and via a network of local high street centres and local partnership and outreach premises. The skills planning model used by SDS provides career practitioners with the most recent available labour market intelligence in an easily accessible format. Practitioners also have up-to-date information on the full range of routes and pathways that can be taken into those careers, including options for work-based learning.

Scotland recognises that "career guidance is a distinct, defined and specialist profession which demands a unique set of core skills and expects all career guidance practitioners to be professionally qualified" and fulfil a minimum of 21 hours of continuous professional development annually.

Source: Musset, A. and M. Kurekova (2018[50]), "Working it out: Career guidance and employer engagement", *OECD Education Working Papers*, No. 175, https://dx.doi.org/10.1787/51c9d18d-en.

Recommendation for boosting vocational education take-up

- **Embed career/learning guidance for students and their parents in the education system** as a requirement to improve vocational education take-up and consideration.

Reducing the drop-out rates of VET students

High drop-out rates have many costs to individuals and society as a whole (Andrei, Teodorescu and Oancea, 2011[51]). In the school year 2017/2018, around 7.5% of students dropped out from upper secondary education, and 19% from upper secondary vocational education (Ministry of Economics, 2018[43]). According to stakeholders, students usually drop out either during the first semester of the first year and go back to general education, or during the last semester of the last year because they have found a job.

In 2017, 70% of 25-34 year-olds without upper secondary education were employed in Latvia (OECD average 59%) compared to 79% of younger adults with upper secondary or post-secondary non-tertiary education (OECD average 77%). This would indicate that the employment disadvantage of not having an upper secondary qualification is lower in Latvia than on average across OECD countries (OECD, 2018[4]), potentially due to the economy facing a severe shortage of workers, and could explain the high drop-out rate of VET students.

The education drop-out rate is, on average, higher in rural areas. In Latvia as a whole the drop-out rate reached 8.3% in 2018, broken down into 11.4% of men and 5% of women between 18 and 24 years-old. In rural areas, the overall share was 11.3%, broken down into 13.8% of men and 8.3% of women (Eurostat, 2018[52]). A first step for Latvia would be to collect data on the reason for drop-outs so that it can better target its policy response.

A literature review on drop-out in vocational education, led by Cerda-Navarro et al. (2017[53]), identifies the need to update teachers' skills in order to improve their abilities in teaching and communicating. This could help teachers better understand the cultural and linguistic diversity of students and how diversity relates to drop-out, as well as improve communication between teachers, students and families. Taş et al. (2013[54]) highlight the benefit of creating drop-out commissions, or workgroups, for reducing absenteeism and promoting student attendance. Such groups should involve various stakeholders (teachers, families, communities, counsellors, staff management, etc.) and promote collaboration to prevent drop-out.

From a monitoring perspective, the establishment of evaluation systems for the identification of students at risk can allow intervention to take place earlier, can better attend to students' needs and provide adequate guidance, and can prevent drop-out until the student acquires a certain qualification level. Fanoiki (2014[55]) proposes the development of early warning indicators that provide educational staff with timely information. Diamond (2007[56]) also recommends enriching databases with students' academic and family backgrounds; developing questionnaires for newly enrolled or transferred students from other centres; and organising individualised qualitative monitoring, such as follow-up interviews, meetings with parents, etc.

Latvia has already initiated several general policy initiatives to reduce drop-out rates, such as the Youth Guarantee Programme, launched in 2014, that targets young people not in employment, education or training (NEET) aged 15-29 years. Taking into account the specific rural context that seemingly leads to higher drop-out rates, local authorities, and initiatives such as the Youth Guarantee Programme, should build on the innovations and specificities of the VET system (modular programmes, work-based learning, etc.) to motivate and re-enrol general and VET students who have dropped out, while monitoring student performance to identify early on the students at risk, and take the appropriate measures.

Box 2.9. Relevant examples: Reducing the drop-out rates of VET students

SO 8.3.4. of The Guidelines for the Development of Education 2014-2020 "To reduce early school leaving by implementing preventive and intervention measures" in Latvia

The SO 8.3.4 project, which aims to reduce early school leaving, has initiated implementation of the following measures:

1. Individual aid (consultations, support for catering, transport, accommodation).
2. Institutional activities (teacher training, programmes for reducing early school leaving, supervision for teachers) in:
    - General education – 5th-12th grade students.
    - Vocational education – 1st-4th year students at risk of early school leaving.

In total, 665 schools were involved in the project, reaching around 12 000 students every year. The project cost EUR 37.5 million and received ESF co-funding of EUR 32 million.

Source: Ministry of Education and Science information.

The "Blits on drop-outs" programme in the Netherlands

In 2002, the Dutch government committed to halve the number of school drop-outs within 10 years. The government provided local authorities with some good-practice examples developed by Dutch local communities and a series of guidelines to tackle the problem. The main lines of action specified by the central level of government included:

- Tackle the problem at the source by increasing the number of bridging classes/summer schools and improving support advisory teams in secondary vocational education.
- Strengthen support for pupils with special needs at the start of secondary education so that they can continue to get the same intensive learning support they are offered in primary education.
- Monitor school attendance, with the compulsory age of school attendance extended to include pupils under the age of 18 who do not have a basic qualification. At the same time, pupils will not be confined to the classroom, and combining education with work will be made possible.
- More practical training at school, more practically oriented teaching and more work placements.

By 2012, the number of those dropping out had fallen from 70 000 to 28 000.

Source: OECD (2008[57]), *Jobs for Youth/Des emplois pour les jeunes: Netherlands 2008*, Jobs for Youth/Des emplois pour les jeunes, https://dx.doi.org/10.1787/9789264041295-en.

Recommendation for reducing the drop-out rates of VET students

- **Establish a VET graduate tracking system to improve the tracking of drop-outs**. Provide incentives to local authorities to monitor students' attendance more closely. More stringent requirements could help boost graduation rates. Enrich contextual information of vocational education students and define indicators that identify students at risk of dropping out in order to better attend to students' needs and provide adequate guidance.

Improving the quality and labour market relevance of VET

The latest reforms in the VET system improved labour market relevance significantly. Employers mentioned that they value the new well-equipped infrastructure in VET schools, the shift from school-based learning to practical learning, and that they feel more involved in the VET system by having possibilities to give classes and to provide input for the VET curriculum through sectoral expert councils (SEC) (Nestere, 2018[58]).[9] However, the VET system still heavily relies on funding from the ESF to support work-based learning and SEC activities.

The VET curriculum has been reformed to ensure that vocational education is of high quality and relevant to labour market needs in Latvia. Reforms began in 2010 and included the transformation of the whole VET system through a transition from subject-based curricula to learning outcomes-based curricula and a VET programme modularisation. Furthermore, Latvia introduced sectoral qualification frameworks in the context of upgrading its curriculum by 2022.

The first phase of the reforms (December 2010 – November 2015) focused on co-operation mechanisms and methodology development, as well as exploration of economic sector needs. During this period, comprehensive studies of economic sectors were carried out (2011-2012); 12 sectoral expert councils were established (2011-2012); 61 occupational standards and 19 qualification requirements were developed or improved (2012-2014); 56 modular VET programmes were developed (2014-2015); and 32 VET qualification exams were drafted of (2014-2015).

Reforms continued in December 2016 with the support of EU Structural Funds within the framework of the specific objective (SO) 8.5.2 project: “To ensure conformity of vocational education to European qualifications framework”. The project is co-funded by the ESF (EUR 11 million) and the Latvian state budget (EUR 1.9 million), and is to be implemented by the end of 2021.

SO 8.5.3, “Effective management for VET schools”, also contributed to improve VET quality by upskilling teachers, trainers, vocational school administration and board members. VET schools often struggle to find qualified teachers and trainers as the salary they can offer does not match private sector remuneration.

Latvia has made progress in engaging stakeholders in vocational education and training. The recent creation of the VECC facilitates a closer link between vocational education and regional employers (OECD, 2019[59]). The establishment of Sector Expert Councils (SECs), active since 2011, within the EU Structural Funds programme “Establishing Sector Qualifications Framework and Increasing Efficiency in Vocational Education and Quality” has given key stakeholders a voice to shape the content of vocational education. Currently, the Employers' Confederation of Latvia (LDDK) co-ordinates the work of 11 SECs, and the Latvian Agricultural Organization Cooperation Council (LOSP) co-ordinates the remaining SEC. These 12 SECs represent 14 sectors, but vary greatly in capacity.

A SEC is composed of representatives of employers’ organisations, trade unions and associations, sectoral professional organisations and sector ministries. The Law on Vocational Education defines their function, and their aim is to promote co-operation with other sectors, including the forecasting of sector development and to ensure correspondence between education and labour market demand and supply. For instance, based on sector development and the Ministry of Economics’ medium- and long-term forecasts of the labour force demand and supply, SECs propose to the MoES the number of students in vocational education programmes (state budget funded).

Sectoral expert councils provide an opportunity for employers and employees in the industry, in co-operation with responsible state institutions and representatives of the education sector, to contribute and develop content for the Latvian vocational education system. However, stakeholders pointed out that there is no legislation that guarantees the funding for SECs, which jeopardises their sustainability in the long term.

Work-based learning (WBL) is a relatively new concept in Latvia. Before the start of the WBL pilot project in 2014/2015, vocational education in Latvia was mainly school-based, with a practical learning period of at least 960 hours in a company at the end of a vocational programme (OECD, 2016[8]). The newly introduced work-based learning approach foresees that a VET student will spend at least 25% of the VET programme in a company, starting from the first study year (where possible), according to the individual learning plan. There will also be an employment contract or stipend agreement between an enterprise and student. A recent employer's survey by the LDDK showed growing support from both employers and students to participate in work-based learning (Cedefop, 2018[60]).

To facilitate work-based learning, Latvia created a legal framework for the organisation and implementation of WBL which determines the rights and responsibilities of the involved parties (mainly WBL providers, VET schools, sectoral expert councils and students). Regulations from the Cabinet of Ministers state that WBL students should receive a stipend or salary according to the agreement with the company. The companies admitting a WBL student within the ESF framework project receive compensation. However, only companies without a tax debt could participate in the project, which is considered to be a challenge. Stakeholders also mentioned that the administrative burden to apply for compensation is very high, which hinders the participation of SMEs in the WBL project.

Box 2.10. Relevant examples: Improving the quality and labour market relevance of VET

SO 8.5.3 of The Guidelines for the Development of Education 2014-2020 "Effective management for VET schools" in Latvia

This project aims to ensure the efficient management of VET institutions and improve the professional competence of teachers, trainers, vocational school administration and board members. It also aims to support the improvement of vocationally oriented education programmes and study resources and to strengthen the co-operation of vocational education institutions and enterprises. Outcomes of SO 8.5.3 include:

- Improvement of general skills and professional competence of VET teachers and trainers.
- Improvement of pedagogical competence to implement work-based learning.
- Improvement of how vocational education institutions are managed.
- Ensuring internships in Latvia and other EU countries for teachers and trainers, etc.

The project is planned to last from November 2016 until the end of 2022. The total planned funding is EUR 6 million, including EUR 5 million from the ESF and EUR 1 million as national co-financing. More than 4 000 participants have been involved in activities from the beginning of the project.

SO 8.3.5. of The Guidelines for the Development of Education 2014-2020 "Career support in general and vocational education institutions" in Latvia

In order to increase career guidance accessibility and to create a systemic approach in general education and VET schools, the career guidance and counselling ESF project was implemented in 2016. As a result, 328 general and vocational education institutions will provide career guidance for students by 2020. The project has piloted the conditions for a career guidance system: additional education and training is being provided to teacher-career counsellors; methodological materials are being developed; and career guidance is being provided for learners through group and individual consultations, events, career information accessibility, etc.

In the academic year 2018/2019, 76 local governments and 17 VECC were involved in the project, 385 teacher-career counsellors were employed and 149 611 pupils in 422 general and vocational

education institutions received support for career development. The total planned financing is EUR 21.6 million, including EUR 18.3 million from the ESF.

Source: Ministry of Education and Science information.

Public financing and cost-sharing of VET in Denmark

In Denmark, the public financing of VET is a central trait of the system. The state finances training at colleges, and all employers, public and private, pay an amount into a fund called "the employers' reimbursement scheme" regardless of whether they provide training placements. This fund finances both the Danish alternance model, where training takes place at college and in an enterprise in turns, and vocational continuing education.

In 2012, all employers were obliged to pay an annual contribution of DKK 2 921 (EUR 393) per full-time employee. These funds were allocated to the places of work taking in apprentices so that they do not bear the cost of training alone. These employers receive wage reimbursement for when apprentices are taking part in college-based training.

Source: Cedefop (2012[61]), *Vocational Education and Training in Denmark: Short Description*, http://dx.doi.org/10.2801/69492.

Recommendations for improving the quality and labour market relevance of VET

- **Mainstream the "Effective management for VET schools" (SO 8.5.3.) project that promotes, among other, teacher and school leader training** to strengthen the capacity of VET school administration and the quality of vocational education.
- **Continue strengthening work-based learning implementation**. Review the financial incentives to encourage SMEs to participate in the WBL programme and simplify the process to receive a financial compensation for work-based learning.
- **Develop a co-funding instrument to fund Sector Expert Councils for the medium term**. Identify which institutions benefit from SECs, and design a collaborative funding mechanism, such as a mutual fund where all institutions contribute to the cost, to ensure the sustainability of Sector Expert Councils.

Recommendations for strengthening the skills outcomes of students

Opportunity 1: Building capacity to improve the teaching workforce	
Attracting and selecting the best candidates to build a skilled pool of new teachers.	Fully Implement the review of teaching standards and ensure that they align with and promote the implementation of the new competency-based curriculum.
Promoting a life cycle approach to professional development.	Consider establishing a separate body to raise the quality of teachers and promote the teaching profession. Develop schools as learning organisations in the long-term to empower teachers to put the curriculum into practice.
Opportunity 2: Fostering continuous quality improvement from ECEC to secondary education	
Reviewing the appraisal system.	Develop occupational standards for school leaders and ECEC support staff, and ensure that developed standards are aligned with the new curriculum.
Strengthening school evaluation.	Consider strengthening the role of the SEQS to support low-capacity education institutions and municipalities. Establish a procedure for assessing the quality of education for the pre-primary education institutions. Foster policy coherence by embedding school evaluation and external evaluation within a broader evaluation and assessment framework that supports the introduction of the new curriculum.
Strengthening system level monitoring.	Develop a common assessment tool to monitor child development and ensure pre-primary education quality. Develop a set of indicators that could flag education institutions in need of support, including low performing education institutions. Finalise and implement a comprehensive monitoring system.

Opportunity 3: Improving equity between urban and rural areas	
Reviewing the school consolidation process.	At the national level, define a set of transparent quantitative and qualitative criteria for decisions-making around consolidating schools, in order to strengthen the founder's responsibility in establishing and operating an efficient school network. Consider designing incentives to motivate highly competent teachers to teach in rural areas.
Ensuring equal access to quality ECEC.	Establish means-tested support from municipalities to reduce the financial burden associated with ECEC.
Opportunity 4: Strengthening vocational education and training (VET)	
Boosting vocational education take-up.	Embed career/learning guidance for students and their parents in the education system.
Reducing the drop-out rates of VET students.	Establish a VET graduate tracking system to improve the tracking of drop-outs.
Improving the quality and labour market relevance of VET.	Mainstream the "Effective management for VET schools" (SO 8.5.3.) project that promotes, among other, teacher and school leader training. Continue strengthening work-based learning implementation. Develop a co-funding instrument to fund SECs for the medium term.

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Notes

[1] In 2018 it consisted of 62% Latvians and 25% ethnic Russians, with smaller minorities of Belarusians (3.2%), Ukrainians (2.2%), Poles (2%), and other small minorities (5.6%) (Central Statistical Bureau of Latvia, 2018[62]).

[2] Social correction establishments provide education for young offenders and prepare them for social reintegration. Minor law-breakers can develop the knowledge and skills required for an independent life and are given an opportunity to master professional skills.

[3] Rural schools are those where the principal answered in PISA that their school is located in "a village, hamlet or rural area" (fewer than 3 000 people), whereas urban schools are those where the principal answered that their school is located either in "a city" or "a large city" (over 100 000 people).

[4]State Audit Office of the Republic of Latvia (2018[63]) Kā organizē un apmaksā pedagogu darbu Latvijā [How to organise and pay teachers in Latvia], http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2018/2.4.1-6_2018/12_10_2018_zi%C5%86ojums_publisko%C5%A1anai.pdf

[5] Teacher professionalism is defined as the knowledge, skills, and practices that teachers must have in order to be effective educators.

[6] With EU funding, Latvia has developed the Assessment System of Teacher Performance, which is a performance-based pay system. A teacher is assessed by a commission in five key areas that are weighted against one another in terms of relative importance: 1) teaching and educational work; 2) individual work with students; 3) the educator's contribution to the development of the educational institution; 4) accumulation and transfer of experience and knowledge; and 5) introspection of pedagogical activities or analysis of the results of pedagogical activities and self-reflection on the performance. Teachers who have been assessed as performing at levels 3, 4 or 5 (as from 2017 levels 1, 2 and 3, respectively) receive an allowance of 8%, 20% and 25%, respectively, on top of their monthly salary (OECD, 2014[6]).

[7] At the time of the survey, the EU only had 27 country members.

[8] Concept: raising attractiveness of vocational education and involvement of social partners in vocational education quality assurance, Regulation No 629.

[9] In 2011-2012, 12 sectoral expert councils were established. Their main functions include: to propose solutions for long-term human resources development in their respective sectors; to ensure that vocational education provision meets labour market requirements. They participate in the development of: occupational standards, education programmes, quality assessment procedures, and work-based learning.

3 Fostering a culture of lifelong learning

A strong lifelong learning culture, in particular in adulthood, is essential for Latvia to boost the skills of its adults, and can generate a range of personal, economic and social benefits. This chapter assesses adult leaning in Latvia and presents four opportunities to strengthen adult learning: 1) raising awareness about adult learning; 2) reducing barriers to adult learning; 3) expanding the provision of adult learning; and 4) raising the quality of adult learning.

Introduction: The importance of a culture of lifelong learning for Latvia

A culture of lifelong learning can be defined as the set of beliefs, values and attitudes, and resulting behaviours, favourable towards learning that a group shares across the life-course (OECD, 2010[1]). A strong lifelong learning culture is imperative if a country wishes to thrive in an increasingly complex world. While the precise skills needs of the future are unknown, a strong lifelong learning culture ensures that individuals are ready to upgrade their existing skills or acquire new skills to adapt to new challenges and opportunities. In this chapter, the focus will be on the notion of a lifelong learning culture as it relates to adults in Latvia and how much they engage in adult learning.

Adult learning matters for Latvia. Productivity growth has slowed since the 2008 financial crisis and has not yet returned to pre-crisis levels. This is partly due to low levels of innovation and the difficulties employers experience in finding they skilled labour they need to help them attract capital investments, adopt new technologies and participate in global value chains (OECD, 2017[2]). The shortage of skilled labour is exacerbated by demographic trends of population ageing, low fertility rates and a high level of emigration. To address these skill shortages, it is critical for Latvia to ensure that its education system is aligned with changing labour market needs (see Chapters 2 and 4) and reduce the drivers of emigration, such as poor working conditions (see Chapter 4).

There is also a growing need in Latvia to upgrade and reskill regularly in adulthood in the context of technological change, more frequent transitions between jobs, the growth of non-standard forms of work (and by extension less access to employer sponsored training) and the lengthening of working lives.

In addition, adult learning is essential for boosting the skills of adults and can generate a range of personal, economic and social benefits. Higher skilled adults typically have higher earnings and employment rates, report better health, feel more included in political processes and have more trust in others than low-skilled adults.

There are a number of different strategies in which Latvia spells out its vision and goals for adult learning, as outlined in Chapter 5. The most important goal for Latvia is reaching the EU adult learning participation rate of 15% by 2020. In order for Latvia to reach this goal, it is critical for the government and all stakeholders to work together (Muhina, 2018[3]).

This chapter provides an overview of current arrangements and performance indicators in adult learning in Latvia. It then proceeds to discuss the four opportunities through which Latvia can improve adult learning: 1) raising awareness about adult learning; 2) reducing barriers to adult learning; 3) expanding the provision of adult learning; and 4) raising the quality of adult learning. For each opportunity, the available data is analysed, relevant national and international policies and practices are discussed, and recommendations are given on how to improve adult learning.

Latvia's adult learning system: Overview and recent performance

Overview of the current adult learning system

Adults can learn through formal adult education, non-formal adult education and informal adult learning opportunities. Formal adult education occurs in a structured environment and leads to a nationally recognised formal qualification. Non-formal adult education also occurs in a structured environment, but may only lead to a diploma or certificate that is recognised by a sector or professional body. Informal adult learning is unstructured and does not lead to any qualification. When referring to formal and non-formal education, the term "adult education" will be used. When referring to formal, non-formal education and informal learning, the more encompassing term "adult learning" will be used (for more information, see Box 3.1).

In Latvia, adult learning programmes are offered by the public and private sector. From the public side there are a number of different ministries engaged in adult learning who are responsible for different policies. The Ministry of Education and Science (MoES) drafts policy planning documents and legislative acts regulating adult learning, supervises the implementation of policies in MoES institutions and related agencies, co-ordinates adult education policy implementation, and sets the finance allocation principles based on data and research findings. The MoES also establishes finance mechanisms, identifies resources (national, European Structural Fund, employers, private), identifies target groups and specifies the various responsibilities of the other relevant ministries. The Ministry of Welfare (MoW) implements active labour market policies, which include the provision of training for those who are unemployed, persons exposed to the risk of social exclusion and refugees, among others, and monitors whether those unemployed are finding employment. The Ministry of Economics (MoE) carries out labour market analysis and prepares medium-term and long-term labour market forecasts. Each of these ministries, in addition to others, also operate specific adult learning programmes (Table 3.1).

Municipalities also have responsibility for adult education, since they implement adult education policies at the local level and issue licences for non-formal education programmes. Some municipalities also provide adult education through public adult education institutions, which can be adult education centres, cultural clubs, associations, or others (European Commission, 2018[4]). However, similar to the regional disparity issue in initial education (see Chapter 2), the functioning and capacity of local adult education centres depend on the resources of the municipalities. Municipalities with more resources can provide better services than municipalities with fewer resources, which highlights the need for strong governance structures to ensure equity in adult learning across Latvia (see Chapter 5).

Table 3.1. Public adult learning programmes

Ministries	Specific adult learning programmes
Ministry of Education and Science	Vocational education and training (VET) and counselling for employed adults (SO 8.4.1.), training for young people not in employment, education or training (NEET) (SO 7.2.1.) and training for VET staff (SO 8.5.3.).
Ministry of Welfare	Adult learning programmes that increase competitiveness, and a programme on employment and labour mobility (SO 7.1.1./7.2.1.).
Ministry of Economics	Specific adult learning programmes related to increasing innovation in specific economic sectors, such as the manufacturing industry, ICT and the tourism industry (SO 1.2.2.1.). Non-technological training, and training to attract investors (SO 1.2.2.3.).
Other Ministries	Targeted training programmes. For example, the Ministry of Health for treatment and care staff, the Ministry of Culture for librarians, and the Ministry of Agriculture for farmers and fishermen.
Municipalities	Public adult education institutions, which can be adult education centres, cultural clubs, associations, or others.

There are many different providers in the private sector. For large companies with sufficient human resource (HR) capacity, training for their employees may be provided internally. This may done, for example, in the Bank of Latvia, telecommunication companies Latvian Mobile Telephone and Tet, and Latvian Railway. For small and medium-sized enterprises (SMEs), external specialised training providers can provide training on an “as needed” basis. In some occupations, training is provided by professional associations, such as the Latvian Chamber of Crafts and the Latvian Union of Physicians. Private training providers are also involved in training unemployed individuals, who can select to receive training in private instead of public training centres through the voucher system. Both private and public training institutions can participate and offer training for the unemployed if they meet the set criteria that institutions and programmes are recognised (i.e. registered, accredited and licensed, as set out in regulation). In 2017, there were 26 private institutions (vs. 9 public) providing vocational training and 100 private institutions (vs. 18 public) providing non-formal education and training. Besides employment relevant training, private adult learning providers may also provide training for other personal reasons (e.g. hobbies). The Latvian Adult Education Association is a network of 62 adult education providers across the towns and districts of Latvia. These include the folk schools, which are active in the rural areas and

aim to provide civic education and transmit traditions from the first independent Republic. In order to expand the provision of adult learning, the Education Law (March 2010) allows private providers to offer non-formal adult education with only a license from the municipality, and no longer with a license issued by the State Service of Education Quality. While this expands provision, quality is adversely affected (see Opportunity 4: Raising the quality of adult learning opportunities in this chapter) (European Commission, 2018[4]).

Tertiary education institutions are also involved in the provision of adult learning by organising various types of professional development activities, such as for specialists whose professions are defined by national regulation (teachers, medical doctors, etc.), and providing different study programmes of interest, including on a part-time basis. Tertiary education institutions establish lifelong learning centres and offer various opportunities for professional development. At the same time, higher education could act more actively in this field, and the offer of tertiary education institutions could be more flexible and respond better to the needs of the labour market.

With such a broad range of stakeholders playing a role in adult learning, it is important to have strong governance structures in place. In Latvia, there are a number of bodies that co-ordinate across public and private stakeholders:

- The Governing Council for Adult Education includes the three main Ministries (MoES, MoW, MoE) and other ministries involved in adult education, such as the Ministry of Culture and the Ministry of Health; social partners such as the Employers' Confederation of Latvia (LDDK) and the Free Trade Union Confederation of Latvia; municipalities; and organisations involved in adult education, such as the Cross Sectoral Co-ordination Centre, the Latvian Chamber of Commerce and Industry, the Latvian Association of Local and Regional Governments, and the Association of Planning Regions. The goals of the Council are to decide on priority target groups and priority areas, confirm the quality criteria for adult education, and evaluate and analyse the quality of programmes.
- The Council of Employment is composed of the Ministers of Economics, Education and Science, and Welfare. They discuss the changes needed to improve the quality of education, increase the number of students in Science Technology Engineering Mathematics (STEM) sectors, involve employers in the development and provision of education, and improve people's skills for employment in the long term.
- The Vocational Education and Employment Tripartite Co-operation Council (PINTSA) is a Sub-council of the National Tripartite Co-operation Council (NTSP). The NTSP co-ordinates and organises trilateral social dialogue between employers' associations, government institutions and trade unions. The NTSP includes representatives appointed by the government, the Employers' Confederation and the Latvian Free Trade Union Confederation (LBAS). It promotes co-operation between the state, employers and workers' organisations (trade unions) in the development and implementation of national policies and strategies for vocational education and employment. PINTSA's secretariat activities are supported by the Ministry of Education and Science.

Additional bodies are the sectoral expert councils co-ordinated by the Employers' Confederation of Latvia (LDDK) and the Council for the Co-operation of Agriculture Organisations (LOSP), which define the needs for adult learning in terms of qualifications and skills in adult learning programmes (e.g. SO 8.4.1.), plan the provision of adult learning, and design adult learning curricula. The governance of the skills system in Latvia and opportunities to improve upon it will be discussed further in Chapter 5.

Box 3.1. Measures of formal education, non-formal education and informal learning

Formal education: Formal education is provided in schools, colleges, universities or other educational institutions, and leads to a certification that is recognised by the national educational classification.

Non-formal education: Non-formal education is defined as any organised and sustained educational activities that do not correspond exactly to the above definition of formal education. Non-formal education may therefore take place both within and outside educational institutions, and cater to persons of all ages. This includes courses through open and distance education, on-the-job training, seminars, workshops or private lessons.

Informal learning: Informal learning relates to typically unstructured, often unintentional, learning activities that do not lead to certification. In the workplace, this is a more or less an automatic by-product of the regular production process of a firm. The OECD's Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC) asks several questions about types of informal learning, for example: "In your own job, how often do you learn new work-related things from co-workers or supervisors?" and "How often does your job involve learning-by-doing from the tasks you perform?"

Source: OECD (2011[5]), *PIAAC Conceptual Framework of the Background Questionnaire Main Survey*, www.oecd.org/skills/piaac/PIAAC(2011_11)MS_BQ_ConceptualFramework_1%20Dec%202011.pdf.

Overview of Latvia's performance

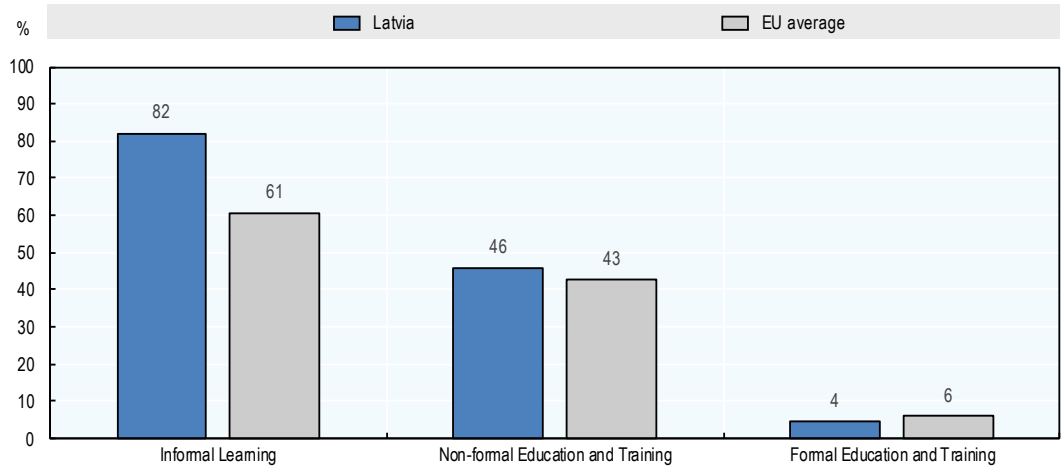
According to the OECD Priorities for Adult Learning (PAL) indicators, Latvia is ranked as the fourth highest country in terms of urgency of getting the adult learning system ready for the future (OECD, 2019[6]). PAL combines a number of different indicators on adult skills, population ageing, automation and structural change and globalisation. Latvia's performance in adult learning participation across informal learning, non-formal and formal education is mixed. Challenges include raising participation among under-represented individuals (e.g. unmotivated, low educated, rural residents), removing financial and time barriers to participation, increasing provision, and raising the overall quality of adult education.

While participation in informal learning is relatively high, participation in formal and non-formal adult education could be raised

In Latvia, informal learning is the most common means of acquiring skills in adulthood (Figure 3.1). In the Adult Education Survey, informal learning is defined as learning from other people, through printed or online material, and in certain venues, such as museums, libraries, and historical, natural or industrial sites. Informal learning is more prominent in Latvia than in other EU countries. In 2016, the share of adults who reported participating in informal learning in the past 12 months was 82.1% in Latvia compared to an average of 60.5% in the EU (Figure 3.2). This has also been a significant increase for Latvia, since the informal learning rate 53.9% in 2007. Informal learning activities in Latvia include hobby activities such as song and dance groups that prepare for and participate in the Latvian Song and Dance Festival.

Figure 3.1. Adult learning participation rates in Latvia, 2016

Share of 25-64 year-old adults who reported participation across the three different adult learning activities



Source: Eurostat (2019[7]), *Adult Education Survey 2016* (database), *Participation rate in informal learning by learning form and sex*; *Participation rate in education and training by sex*, https://ec.europa.eu/eurostat/data/database.

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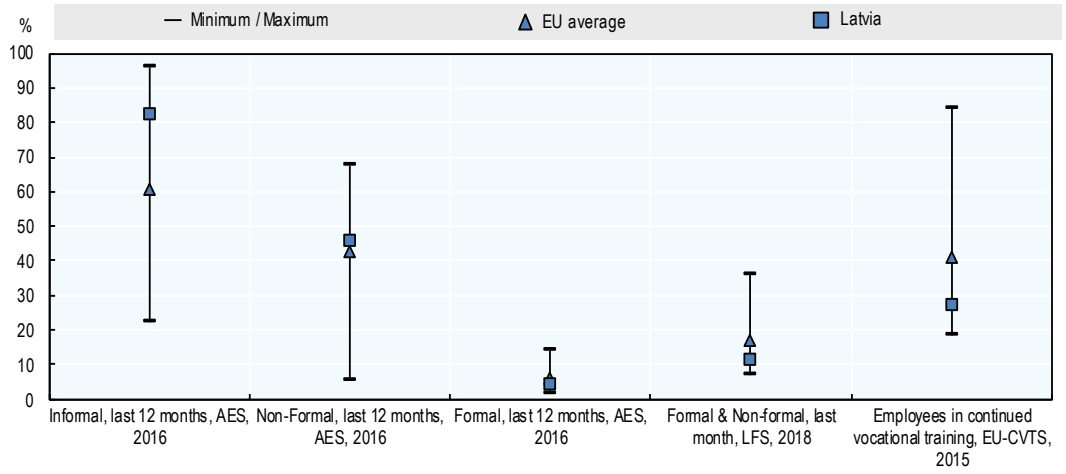
Figure 3.2. Adult learning participation rates in Latvia compared to other countries



Note: AES = Adult Education Survey; LFS = Labour Force Survey; EU-CVTS = EU Continuing Vocational Training Survey.
The OECD average is based on the sample of OECD countries/regions assessed in the Survey of Adult Skills (PIAAC).
Source: Calculations based on OECD (2015[8]), *OECD Survey of Adults Skills (PIAAC)* (database 2012, 2015), www.oecd.org/skills/piaac; Eurostat (2019[9]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database; OECD (2017[10]), *Digital Economy Outlook 2017*, https://dx.doi.org/10.1787/9789264276284-en.

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Participation in non-formal education in Latvia (45.7%) is slightly above the EU average (42.7%), as measured in the Adult Education Survey by participation within the last twelve months (Figure 3.2). The participation rate in Latvia remained similar between 2007 (30.7%) and 2011 (30.3%).

The share of adults participating in formal education in Latvia (4.4%) is slightly below the EU average (5.8%) (Figure 3.2). In Latvia this has slightly decreased between 2007 (5.4%) and 2011 (4.3%). Latvia lags significantly behind leading European countries such as Sweden (13.8%), Norway (12.1%), Denmark (13.5) and the Netherlands (9%).

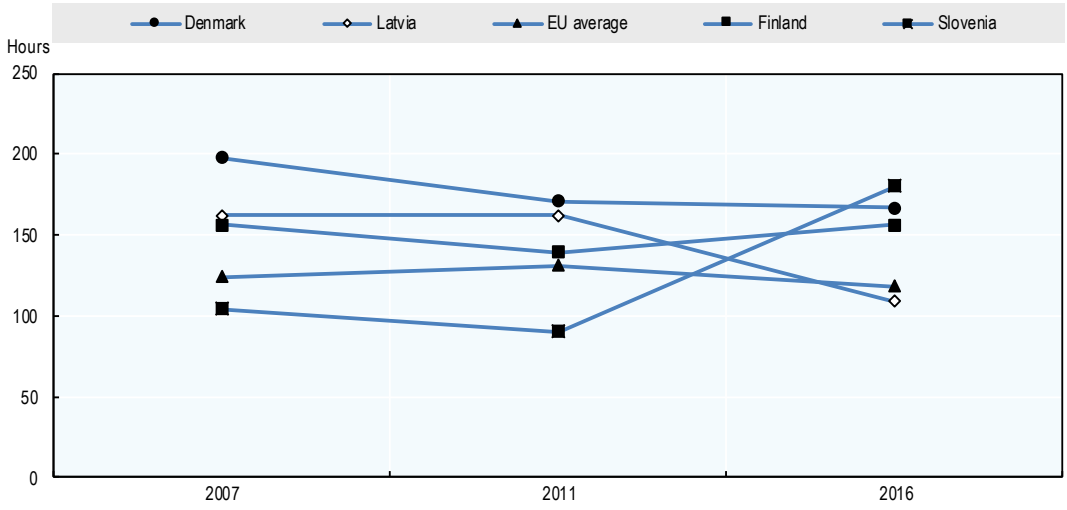
In complementary data sources such as the Labour Force Survey, which looks at formal and non-formal adult education in a shorter time span of the last month, the participation rate in Latvia is 6.7%. This falls below the average of 11.1%, and is still far behind the 15% goal that Latvia seeks to reach by 2020. Similarly, in the Company Vocational Training Survey, which captures the continued vocational training of employees, around 27.2% participated in continued vocational training, which falls below the average of 40.8%. Regardless of which measure is being used for formal and non-formal adult education participation, there is room for Latvia to improve.

The intensity of participation in adult education has decreased over the past 10 years

Participation rates are imperfect indicators of adult learning effort, since the intensity of participation also matters. In Latvia, the mean instructional number of hours that adults participate in non-formal adult education is 109 hours, which is below the EU average of 118 hours and significantly below leading countries such as Denmark (167 hours) and Finland (156 hours) (Figure 3.3). Latvia is among a group of countries where the mean number of hours has dropped over the past 10 years, from 162 hours in 2007 to 109 hours in 2016. Ideally, countries would have both high levels of participation and high intensity in participation.

Figure 3.3. Mean instruction hours spent by participant in formal and non-formal education and training

EU countries, 2007, 2011, and 2016



Source: Eurostat (2019[11]), *Adult Education Survey 2016* (database), *Mean instruction hours spent by participant in education and training by sex*, https://ec.europa.eu/eurostat/data/database.

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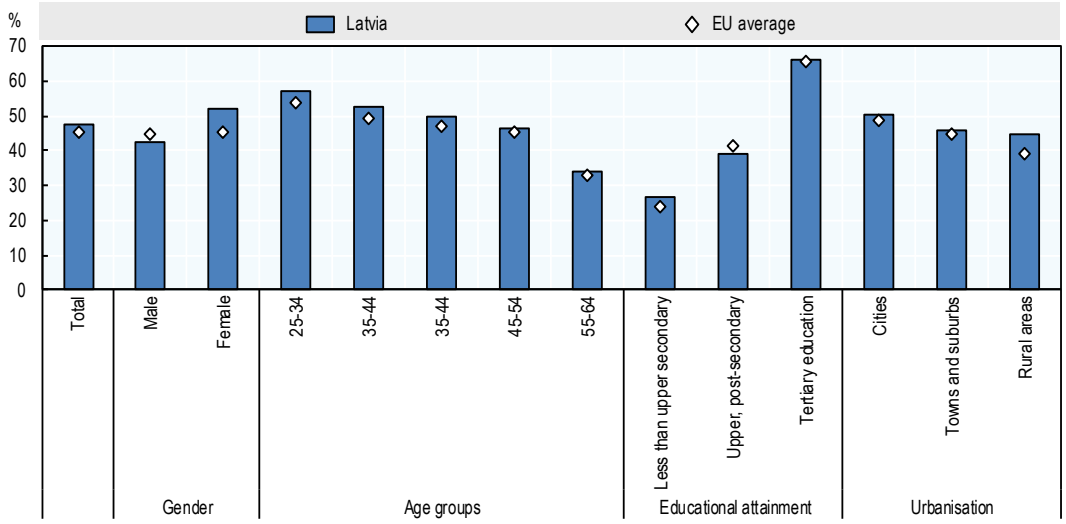
Adults with disadvantaged socio-demographic characteristics, labour market status and certain occupations are less likely to participate in adult education

Participation in non-formal and formal adult education varies by socio-demographic characteristics (Figure 3.4). While in other European countries, participation among men and women is similar, at around 45% on average, in Latvia, women (52%) are more likely to participate than men (43%). The participation trend across age cohorts in Latvia is similar to that found in other EU countries, with the younger cohort tending to participate more than those in older age cohorts. Regarding educational attainment, adults in Latvia and across the EU who have higher levels of education are participating significantly more than those with lower levels of education. This can be a reason for concern, as arguably adults with lower levels of education may be in greater need of adult learning opportunities. In addition, adults in cities are participating more than their counterparts in towns/suburbs and rural areas, where adults are likely to have lower levels of education.

Figure 3.4. Participation rates in non-formal and formal adult education by socio-demographic characteristics, 2016



Source: Eurostat (2019[12]), *Adult Education Survey 2016* (database), *Participation rate in education and training by age; Participation rate in education and training by educational attainment level; Participation rate in education and training by degree of urbanisation,* https://ec.europa.eu/eurostat/data/database.

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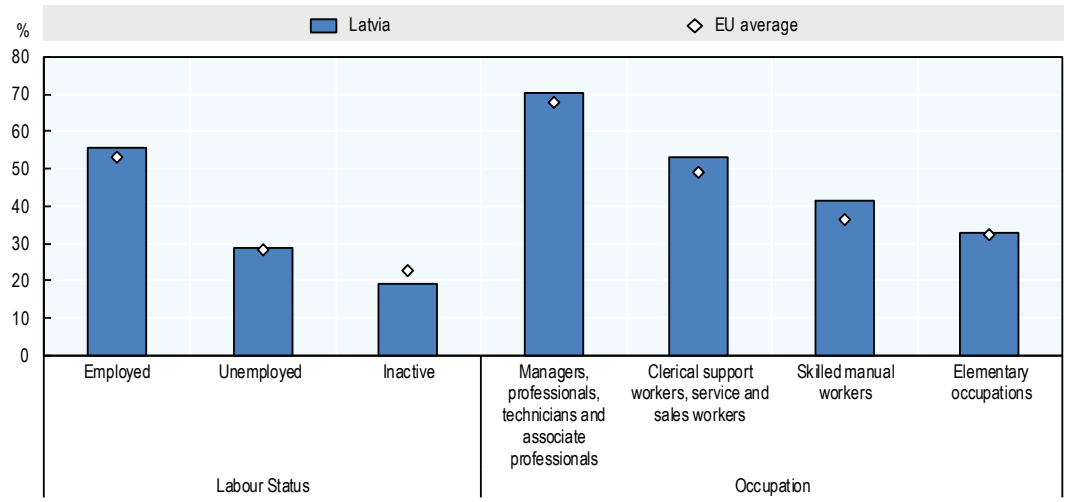
Participation rates also vary greatly by labour market status and occupation (Figure 3.5). In Latvia, as across the EU, those who are employed are more likely to participate in adult learning than those who unemployed and those who are inactive. Certain occupations, such as managers, professionals, technicians and associates, have higher participation rates than others, such as clerical support workers, service and sales workers, skilled manual workers, and those in elementary occupations.

Figure 3.5. Participation rates in formal and non-formal adult education by labour market status and occupation, 2016



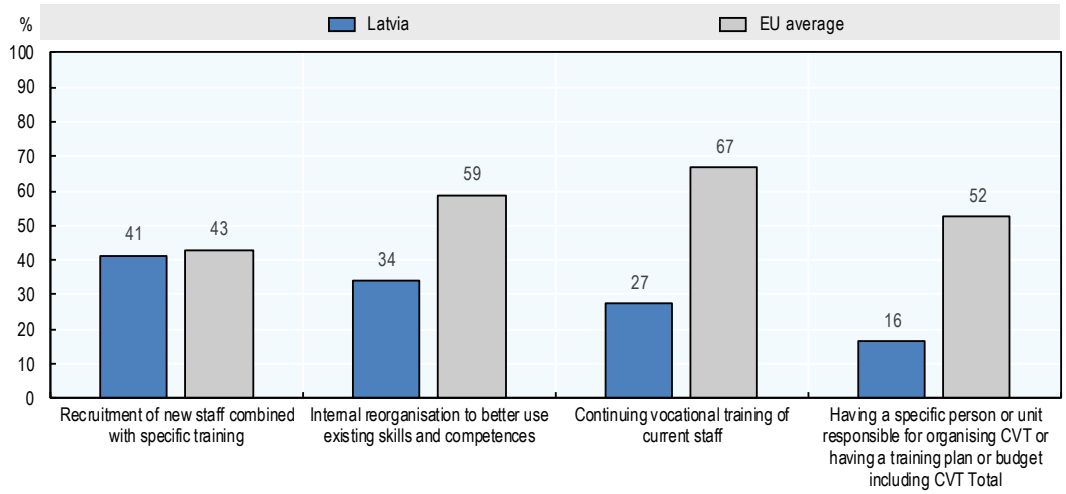
Source: Eurostat (2019[13]), *Adult Education Survey 2016* (database), *Participation rate in education and training by labour status; Participation rate in education and training by occupation*, https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035645

A lifelong learning culture in the workplace is less common in Latvian companies than in their European counterparts

Companies in Latvia fall behind their European counterparts in the extent to which they promote a lifelong learning culture in the workplace (Figure 3.6). While the share of Latvian companies (41%) recruiting new staff combined with specific training is similar to the EU average (42%), once the new staff are working there are fewer opportunities for further skills development and use. The share of Latvian companies internally reorganising themselves to better use the existing skills and competences of workers is around 34%, which falls below the European average of 59%. Similarly, the share of Latvian companies providing continuing vocational training of current staff is 27%, which is below the European average of 67%. Having a specific person or unit responsible for organising training, or having a training plan or budget, is critical for a lifelong learning culture in the workplace. In Latvia, the share of companies with such a person or unit in place is 16%, compared to a European average of 52%.

Figure 3.6. Lifelong learning culture in companies, 2015



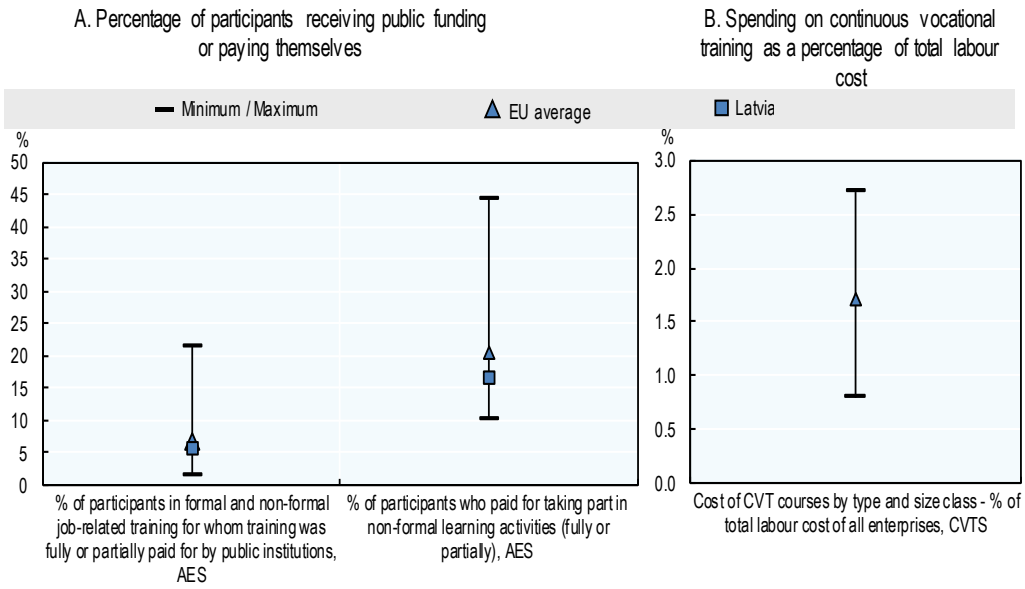
Source: Eurostat (Eurostat, 2019[14]), *Continuing Vocational Training Survey 2015* (database), *Usual reaction to future skill needs by type of reaction and size class - % of all enterprises; Enterprises with CVT planning by type of planning, type of training provided and size class - % of all enterprises,* https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035664

Funding for adult learning from public, individual and employer sources is lower in Latvia than the EU average

Funding for adult learning can come from public, individual or employer sources. In Latvia, the share of adult learners partially or fully funded by public institutions to participate in formal and non-formal job-related training is 5.8%, which is slightly below the EU average of 6.8% and significantly behind other countries such as Denmark (15.2%), Spain (15.6%) and France (10.2%). In Latvia, the share of adult learners who paid partially or fully for the cost of non-formal activities is around 16.8%, which also falls below the average of 20.5% and is significantly behind other countries such as the Netherlands (25.3%), Switzerland (23.6%) and Finland (23%). Employers also play a critical role in funding adult learning. In Latvia, the cost of continuous vocational training as a percentage of total labour cost is the lowest (0.8%) in comparison to all EU countries, falling below the EU average (1.7%) and other leading countries such as Denmark (2.7%) and France (2.5%) (Figure 3.7).

Figure 3.7. Spending on adult learning by source



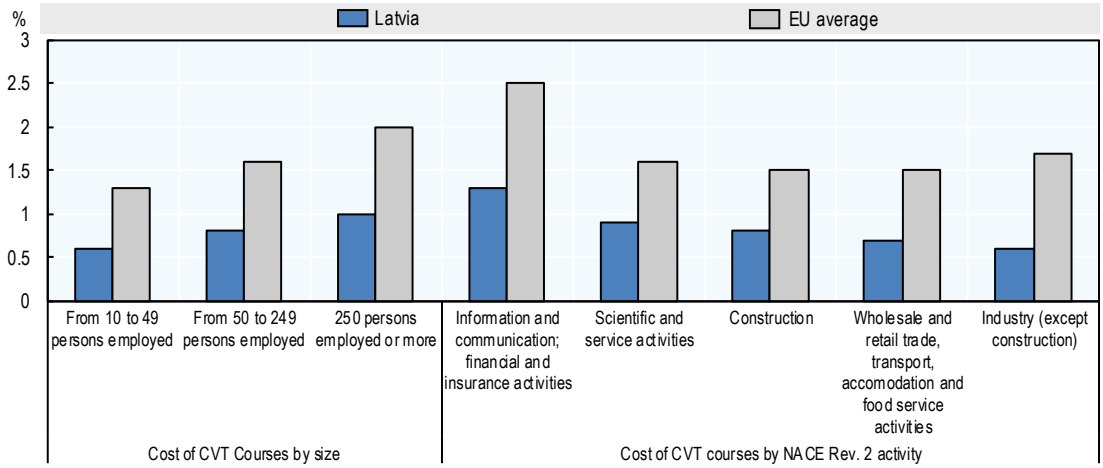
Note: Due to unavailability of data for Flanders, data for Belgium has been used.
Source: Calculations based on OECD (2015[8]), *OECD Survey of Adults Skills (PIAAC)* (database 2012, 2015), www.oecd.org/skills/piaac; Eurostat (2019[9]), *Adult Education Survey 2016* (database), *Participation rate in education and training (last 4 weeks) by NUTS 2 regions*; *Participation in education and training (last 12 months)*, https://ec.europa.eu/eurostat/data/database (accessed 5 August 2019); OECD (2017[10]), *OECD Digital Economy Outlook 2017*, https://dx.doi.org/10.1787/9789264276284-en; Eurostat (2019[15]), *Continuing Vocational Training Survey 2015* (database), *Cost of CVT courses by type and size class - % of total labour cost of all enterprises*; *Participants in CVT courses by sex and size class - % of persons employed in all enterprises*, https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035683

Similar to other EU countries, large companies in Latvia spend a larger share of their total labour cost on training than SMEs. Since employees in SMEs tend to have lower adult learning participation rates, and most employees are in SMEs in Latvia, there seems to be a role for public policy to support the financial capacity of SMEs to provide adult learning. Overall, the spending rates on training in Latvian companies, regardless of their size, are significantly lower than in similar sized companies across the EU. There are also differences across sectors. Latvian companies in the ICT, financial and insurance sector spend the largest share of their total labour cost on training. This is followed by companies in scientific and service activities; construction; wholesale and retail trade, transport, accommodation and food service activities; and lastly industry. However, regardless of which sector Latvian companies operate in, they are all spending less than comparable companies across the EU (Figure 3.8). Although most employees in Latvia work in wholesale, retail, accommodation or food service activities (40%), this sector has one of the lowest spending rates in comparison to the other sectors.

Figure 3.8 Spending on adult learning by employer size and sector, 2015

Spending on continuous vocational training as a percentage of total labour cost



Note: The scientific and service activities include: real estate activities; professional, scientific and technical activities; administrative and support service activities; arts, entertainment and recreation; and other service activities.
The distribution of employees in active enterprises across sectors are: ICT, financial and insurance activities (7%); scientific and service activities (23%); construction (10%); wholesale and retail trade, transport, accommodation and food service activities (40%); and industry (except construction) (20%).
Source: Eurostat (2019[15]), *Continuing Vocational Training Survey 2015* (database), *Cost of CVT courses by type and size class - % of total labour cost of all enterprises,* https://ec.europa.eu/eurostat/data/database .

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Opportunities to improve Latvia's performance

Latvia has several opportunities to strengthen a lifelong learning culture in Latvia:

1. Raising awareness about adult learning.
2. Reducing barriers to adult learning.
3. Expanding the provision of adult learning.
4. Raising the quality of adult learning opportunities.

Opportunity 1: Raising awareness about adult learning

Adult motivation to engage in learning is a key determinant of observed participation levels in adult learning. Adults have both intrinsic and extrinsic motivation to engage in learning: intrinsic motivation can be learning for the sake of learning; extrinsic motivation can be learning for certain benefits (e.g. better job, promotion, higher wages, social connections) or in order to adhere to requirements (e.g. obligatory participation in active labour market programmes, employer mandated). Motivation is considered to be key for successful adult education engagement (Carr and Claxton, 2002[16]), even more significant than socio-economic background (White, 2012[17]).

Raising awareness about the potential benefits of adult learning and how to get involved is critical for fostering adult learning. Individuals may not be aware of the benefits of participating in adult learning programmes, or of how programmes differ in quality and relevance and how to finance participation. Employers may not be aware of how megatrends, such as globalisation, demographics and technological changes, will affect their future skill needs, and what this implies for their learning needs. Even if they are

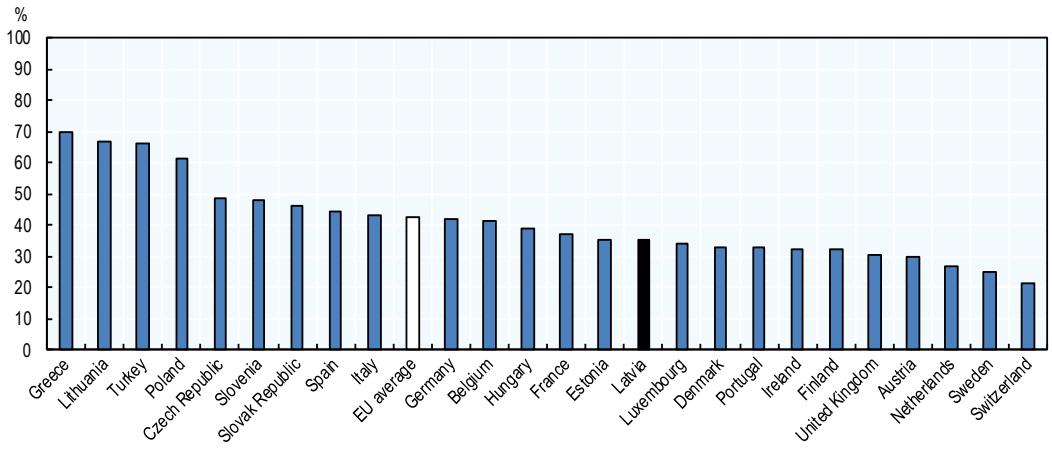
motivated to provide training and know what kind of training they need, they may not be aware of the relative quality and relevance of programmes on offer or of financial support for participation (e.g. tax subsidies).

Policy makers need to ensure that relevant, timely and comprehensive skills data and information is generated (see Chapter 5). This information needs to feed into awareness raising initiatives and must reach end users in a tailored and user-friendly form. Targeted guidance and counselling services are needed to ensure that end users know how to interpret and act upon the information.

Raising the level of motivation among adults

A significant share of adults in Latvia lack motivation to learn. Around 35% of adults reported that they did not participate in adult learning and did not want to participate in adult learning (Figure 3.9). While this share is lower than the EU average, it remains still significant when considering that Latvia has a high urgency to participate in adult learning due to the combined pressures of population ageing, automation and structural change, and globalisation (OECD, 2019[6]).

Figure 3.9. Adults not willing to participate in education and training, 2016

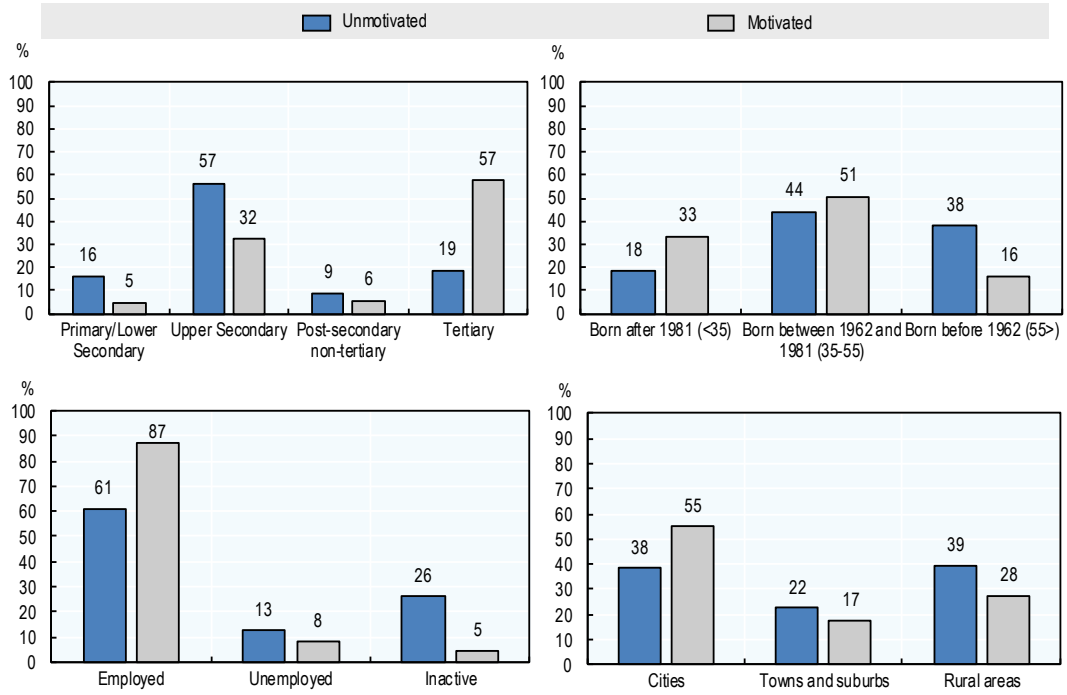


Source: Eurostat (2019[18]), *Adult Education survey 2016* (database), *Distribution of the will to participate, or participate more, in education and training,* https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035721

However, there are some significant differences among adults who are unmotivated to participate in adult learning and those who are motivated. They differ in terms of their age, education background, labour market status and where they live. Unmotivated adults are, on average, older, with the average age 49, while the average age among motivated adults is 41. Unmotivated adults are more likely to have lower levels of education, with a greater share having attained only upper secondary education, while motivated adults are more likely to have tertiary education degrees. Unmotivated adults are more likely to be inactive and unemployed, while motivated adults are usually employed. Unmotivated adults also tend to live more in towns, suburbs and rural areas, while motivated adults live in cities (Figure 3.10).

Figure 3.10. Comparison of motivated and unmotivated adults in adult learning in Latvia, 2016



Note: Motivated are those who participated in the past 12 months and would have liked to participate more. Unmotivated are those who did not participate in the past 12 months and also would not have liked to participate in any activities. Levels of education: Primary/Secondary (ISCED 1 - 2) Upper Secondary (ISCED 3 programme duration of 2 years and more, sequential access to next ISCED 3 programmes only; ISCED 3 programme duration of 2 years and more, terminal or access to ISCED 4 programmes only; ISCED 3 with access to ISCED 5, 6 or 7; programme of duration of 2 years and more, without possible distinction of access to other ISCED levels). Post-secondary non-tertiary (ISCED 4). Tertiary (ISCED 5, 6, 7, 8).
Source: Calculations based on Eurostat (2019[19]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database.

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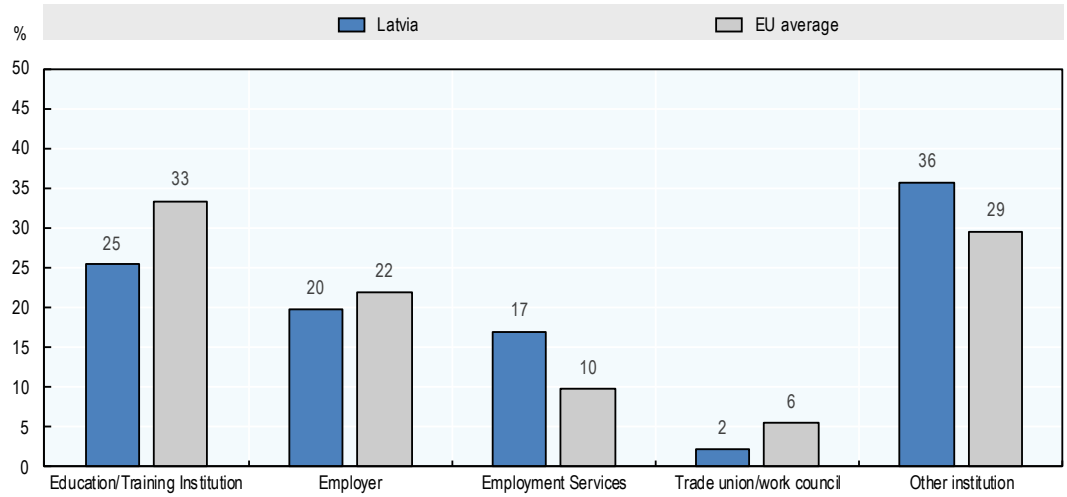
In order to ensure motivation for learning during adulthood, it is imperative to start in the early years. As discussed in Chapter 2, the quality of teaching and the curriculum, and the engagement of students with different skill and motivation levels, are important factors. A positive learning experience during childhood fosters a positive attitude towards learning and increases the probability of seeking out and taking up learning opportunities later during adulthood. This is particularly relevant for students who come from disadvantaged backgrounds, such as those with low socio-economic family status, immigrant backgrounds and parents with low education levels. The prospects of better work and career chances, as well as the possibility to actively participate as a citizen in society, are also important factors to stimulate motivation for learning in adult life.

Some policies are shown to be effective in raising the motivation of adults to participate in adult learning. These include raising awareness about adult learning and providing guidance about learning opportunities (European Commission, 2015[20]).

There are a number of different channels through which adults can learn about adult learning possibilities free of charge. These include face-to-face interactions, Internet, mail, phone, fax, posters and leaflets. In Latvia, as in many other EU countries, most individuals find information through other institutions, followed by education and training institutions, employers, employment services, and trade unions/work councils. Compared to other EU countries, a larger share of Latvians report that they receive free information from other institutions and employment services. The opposite is the case for education/training institutions,

employers and trade unions/work councils, from which, compared to other EU countries, a smaller share of Latvians report receiving free information (Figure 3.11). Education/training institutions in Latvia could potentially play a more prominent role in providing information on adult learning.

Figure 3.11. Distribution of sources from which participants have received free of charge information about learning possibilities, 2016



Note: Education/training institutions refer to schools, colleges, universities, vocational education and training centres, institutions for adult learning and validation centres. Other institutions refers to all other institutions not mentioned in the figure.
Source: Calculations based on Eurostat (2019[19]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database.

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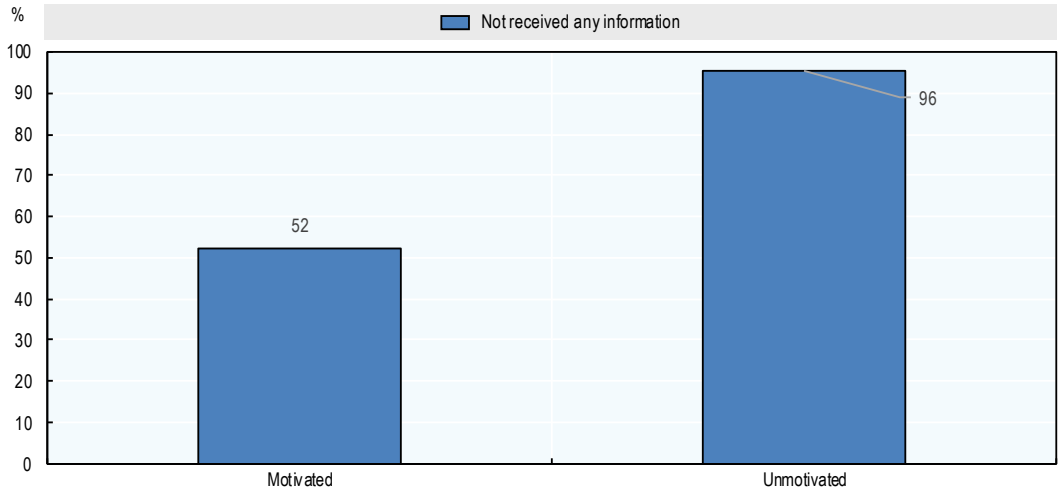
In Latvia, there have been a number of awareness raising initiatives, including online platforms, such as www.niid.lv, www.muzizglitiba.lv, www.macibaspieaugusajiem.lv, www.profesijupasaule.lv, www.latvijaskvalifikacijas.lv/, www.nva.gov.lv and www.talakizglitiba.lv (Table 3.2). These provide individuals with information about different adult learning opportunities. Some of these are tailored to specific target groups, such as www.macibaspieaugusajiem.lv which is aimed at those employed and www.nva.gov.lv which is aimed at those unemployed. There are also websites that target adult education providers, such as the Electronic Platform for Adult Learning in Europe (EPALE). This platform aims to build a strong adult education sector by connecting adult education providers. A comprehensive campaign initiative conducted by !MOOZ within the project "Improvement of Professional Competence of Employees" (www.macibaspieaugusajiem.lv) is aimed at those who are employed and at least 25 years-old, as well as employers, career advisors, and adult learning professionals, among others. The government has a number of awareness raising initiatives that focus on employers, with specific programmes, such as SO 1.2.2., raising awareness among employers to promote training to their employees to facilitate the adoption of innovative practices. This programme focuses specifically on certain sectors, such as manufacturing, ICT and the tourism industry (action No. 1.2.2.1.). Another programme (action No. 1.2.2.3.) focuses on the ICT industry and other industries in the field of non-technological innovations.

Table 3.2. Awareness raising initiatives

Initiative	Description
www.niid.lv	National database of adult learning programmes that includes information on vocational education and training programmes, tertiary education, preparatory courses for state examinations, and other leisure courses. The site also facilitates contact with an e-consultant for career planning and guidance on what type of education and training to receive.
www.muzizglitiba.lv	Funded with the support of the European Commission within the framework of Erasmus+ programme and the MoES project "National Co-ordinators for the implementation of the European program in adult education". The aim is to involve more adults in lifelong learning activities and to reduce the fragmentation observed in planning and implementing adult education in Latvia.
www.macibaspieaugusajiem.lv	Administered by the State Education Development Agency, this site summarises in one place all the offered adult learning programmes co-financed by the European Structural Fund within the project "Improvement of Professional Competence of Employees". It is targeted at employees, and all programmes are offered in vocational education and training programmes. The training courses most in demand have been in ICT, transport, logistics and catering.
www.profesijupasaule.lv	Administered by the State Education Development Agency, this site includes descriptions on occupations and job profiles. Links to relevant VET and higher education opportunities located in the National Database of Learning Opportunities are provided for each occupation profiled on the "profesijupasaule" website in the tab "Kur mācīties?" (Where to learn).
www.latvijaskvalifikacijas.lv	This database includes nationally recognised qualifications that can be obtained from accredited educational institutions. Education qualifications are provided using data and information from National Education Information System (*Valsts izglītības informācijas sistēma*, VIIS), the Study Directions Register, Cabinet of Ministers regulations, and other laws and regulations. The website provides information on available qualifications from ISCED 1-8 – linked to the European Skills Competences Qualifications and Occupations (ESCO).
www.nva.gov.lv	A State Employment Agency site that provides information about training programmes for those who are unemployed, as well as information on the performance of the adult training institutions providing these programmes.
www.talakizglitiba.lv	This database is operated by the Ministry of Health and provides doctors and medical personnel with information about further education opportunities.
ePlatform for Adult Learning in Europe (EPALE)	A virtual meeting place for adult education professionals and organisations from all EU countries. This website is funded by the European Commission and designed to improve the quality of adult education in Europe, build a strong adult education sector, and enable adult education professionals and educators to reach all adults. Work on EPALE was launched in spring 2014, and it is constantly updated. EPALE's target audience are those who provide and organise adult education (employers, training professionals, education institutions, educators, municipalities and other stakeholders in adult education).
Programme SO 1.2.2. "To facilitate implementation of innovations in enterprises" Action No 1.2.2.1. "Technology training" Action No 1.2.2.3. "Non-technology training and training to attract investors"	An awareness raising initiative to encourage employers to promote the training of employees, facilitate innovation adoption into the operation of the businesses for Manufacturing industry, ICT industry, Tourism industry by 10 industry associations (action No. 1.2.2.1.) and support ICT skills development for ICT industry by Latvian Information and Communications Technology Association , non-technological innovations by Latvian Chamber of Commerce and Industry and training to attract investors by Latvian Investment and Development Agency. Focused on employees from SMEs, large enterprises and self-employed persons (only for action No. 1.2.2.3. ICT industry).

During discussions with the OECD, stakeholders mentioned the need for a co-ordination body that ensures that these different awareness raising initiatives are complementary. Such a co-ordination body could also ensure that these initiatives reach under-represented groups, in particular unmotivated adults. While there is around a 50% chance of motivated adults hearing about learning opportunities through various channels (e.g. education institutions, employers, guidance counsellor, media, books), only about 4.77% of unmotivated adults reported having received any information about adult learning opportunities (Figure 3.12). This suggests that more needs to be done to improve the effectiveness of those channels and to tailor them specifically to the background of unmotivated adults, who, as mentioned, are more likely to be older, have lower levels of education, be unemployed or inactive, and live outside the cities. The Qualifica Programme in Portugal provides an example how low-skilled adults were targeted with multiple communication channels, and how information was tailored to the specific background of each user with a new user online tool (Box 3.2). Additional public awareness examples that Latvia could consider, which differ in focus, are featured in (Table 3.3).

Figure 3.12. Information about adult learning reaching adults by motivation level, 2016



Note: Motivated: respondents who participated in formal or non-formal education but wanted to participate more; Unmotivated: respondents who did not participate in formal or non-formal education and training and did not want to participate.
Received information: includes both respondents who received free of charge information or advice/help on learning opportunities from institutions/organisations and those who paid for information or advice/help on learning opportunities from institutions/organisations.
Not received information: respondents who did not receive any information or advice/help on learning opportunities from institutions/organisations.
Source: Calculations based on Eurostat (2019[19]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035778

Table 3.3. Public awareness raising campaigns and their focus in selected OECD countries

Country	Focus						Name
	General adult learning	Specific programmes	Specific target groups	Basic skills	High-demand skills	Firms	
Estonia	x	x	x	x			Jälle kooli (Back to school again)
Germany		x	x	x		x	Zukunftsstarter (Future starter); Nur Mut (Courage)
Hungary		x					Szakmák Éjszakája (Night of Vocations)
Ireland		x	x	x	x		Take the first step
Korea		x			x	x	Vocational Skill Month
Portugal	x	x		x			Qualifica
Slovenia	x	x	x	x			Lifelong Learning Week
Switzerland	x	x	x				Simplement mieux (simply better)

Source: "OECD Adult Learning Policy Questionnaire from OECD" (2019[6]), *Getting Skills Right: Future-Ready Adult Learning Systems*, https://dx.doi.org/10.1787/9789264311756-en.

Simply providing information through these awareness raising channels may not be enough, as even when information reaches unmotivated adults they may not fully know what to do with it and how to put it into practice. Due to the great number of adult education and training providers, it may be difficult for potential learners to know which adult learning programmes are most relevant for them. It is thus important to complement awareness raising initiatives with guidance and counselling services.

Box 3.2. Relevant example: Raising the level of motivation among adults

Public awareness campaign in Portugal

In March 2016, Portugal's government launched the Qualifica Programme, which is an integrated strategy to foster the training and qualification of adults in Portugal. The aims for the programme are to raise the qualification level of adults, increase digital and functional literacy, and better align training provision with labour market needs. The campaign includes 100 video clips, each one to two minutes long, describing real-life situations and the impact of adult learning. The Qualifica Programme also has a web portal (Portal Qualifica) that provides access to a range of information on adult learning through multiple channels, including social media. Qualifica Passport, created in 2017, is a user-oriented online tool and platform that provides information on an individual's own educational and training record. It also directs users to potentially relevant learning opportunities based on the qualifications they have already acquired. This important tool could play a key role as a one-stop shop for information on adult learning.

Source: OECD (2018[21]), *Skills Strategy Implementation Guidance for Portugal: Strengthening the Adult-Learning System*, OECD Skills Studies, https://doi.org/10.1787/9789264298705-en; Maria Maria João Alves (2018[22]), *The National Qualifications System, Instruments to support Qualification and Lifelong Learning*, www.poch.portugal2020.pt/pt-pt/Candidaturas/Documents/ESF_TCN_NQS_RVCC_NOV2018.pdf; Qualifica (2019[23]), *Programa Qualifica*, www.qualifica.gov.pt/#/programaQualifica.

Recommendation for raising the level of motivation among adults

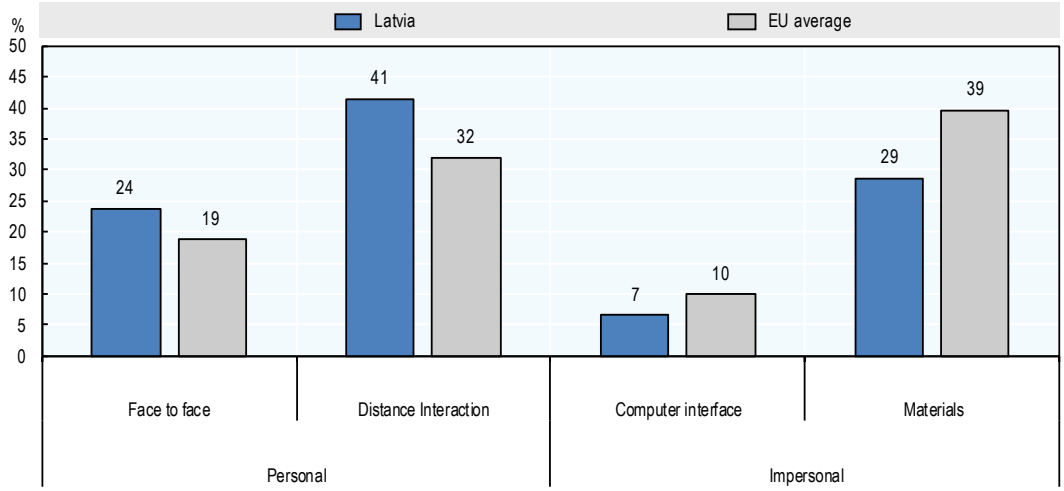
- **Co-ordinate awareness raising campaigns about the value of adult learning through a central body that fosters co-operation across ministries and between government and stakeholders**. Such awareness raising campaigns (e.g. "know your rights") targeting unmotivated adults should provide information about the different available adult learning opportunities, how to access them and their benefits. Such a body should also develop and implement strategies how to engage and encourage unmotivated adults to raise their participation in adult learning.

Improving guidance and counselling

Guidance and counselling are defined as "a range of activities such as information, assessment, orientation and advice to assist learners, trainers and other staff to make choices relating to education and training programmes or employment opportunities." (Decision No 1720/2006/EC of the European Parliament and of the Council). These activities can include: counselling for personal, career development or educational guidance; assessment of skills and mental health; information on learning and labour market opportunities; consultation with peers, relatives or educators; vocational preparation; and referrals to learning or career specialists (Raschauer and Resch, 2016[24]).

In Latvia, the share of adults receiving guidance and counselling through personal means such as face-to-face interactions and distant interactions with a person (Internet, phone, email, other media) is higher than other impersonal means, such as computer interfaces (e.g. websites, online self-assessment tools) or materials (e.g. books, posters, websites, leaflets, TV programmes). In contrast to the EU average, the personal means, which would be part of guidance and counselling, are more widely applied in Latvia than the impersonal means (Figure 3.13). This may be a reflection of individual preferences or what is on offer in Latvia. Being a relatively small country in comparison to other EU countries, a stronger focus on a personal approach may be more feasible.

Figure 3.13. Information and help regarding adult learning provided personally and impersonally, 2016



Note: The question is about free of charge information or advice/help only.
Source: Calculations based on Eurostat (2019[19]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035797

In Latvia, guidance and counselling services are provided primarily by the State Education Development Agency and the State Employment Agency. There are also tertiary education institutions and some private providers.

The State Education Development Agency provides career guidance services in general education and vocational education and training (VET) schools through, for example, the provision of information about education and career opportunities, arranging meetings with employers, informing parents, and conducting group consultations. Currently, half of schools, around 422, are enrolled in a seven-year career guidance project, which is 85% funded with European Structural Funds until 2020. Each school has a career guidance counsellor or career guidance teacher. The counsellor is a trained professional with a master's degree and can provide individual consultations, while the guidance teacher is a regular teacher who has received 72 hours of guidance training. The latter are mostly used in the schools.

The State Employment Agency also provides career and guidance services across 26 cities and 4 other areas. While their focus is on unemployed adults, others can also benefit from their services. Agency staff are sometimes invited to talk directly to students in schools and provide labour market relevant information. There are a total of 71 career guidance consultants, of which 37 are funded by European Structural Funds until 2022. Career and guidance services include profiling individual background, interests, motivation and suitability; providing information on vacancies and labour market trends; referring to appropriate training programmes; and supporting career planning, job search and interview preparation.

In tertiary education, institutions are responsible for providing career and guidance services. Although the Higher Education Law Article 50(5) states that every student is entitled to receive such services, in practice only a few public and private institutions have career centres or offer services in an integrated way, such as the University of Latvia, Riga Technical University, Riga Stradiņš University, BA School of Business and Finance, Rēzekne Academy of Technologies, RISEBA University Applied Sciences, and ISMA. Services are typically provided free of charge for all students, prospective students and, in some universities, for graduates. Services include the provision of information on current job vacancies, support for finding

internships, counselling about the choice of study programmes, company visits and activities promoting student entrepreneurship.

There are also private career and guidance services that may cost between EUR 30 and EUR 75, and that tend to be used by adults with high education levels.

Extrinsic motivation has been promoted through requirements for professional development in specific (mainly regulated) professions (for example, teachers' professional development on children's rights).

During the bilateral and focus group meetings with OECD officials, some challenges were identified with respect to guidance and counselling services. The first relates to the long-term capacity for guidance and counselling if the European Structural Funds run out, as these cover a significant portion of the operational expenses. There is currently no specific plan for what will happen afterwards and how these services will be funded. It is critical to explore alternative funding mechanisms, such as co-funding across levels of government, between state and municipalities, or between government and stakeholders (e.g. employers). The second challenge relates to the difficulty of reaching under-represented groups, in particular unmotivated adults. While services such as the State Employment Agency receive adults when they engage, outreach activities are mostly invitation-based (e.g. school) or specific events, and unmotivated adults may not be reached effectively through such means alone. Additional effort would be needed to go to the places where unmotivated adults can be found, especially in rural areas. While part of this challenge may be addressed by improving staff resources through sustainable financing, current staff could also be supported by professional development activities to understand what kind of approaches are most effective in reaching out to under-represented adults. Current efforts to provide more e-services in counselling (e.g. online self-assessment test, online modules on how to draft a motivation letter and prepare for an interview, portal on vacancies) could be useful if they are tailored specifically to under-represented adults.

There are some international relevant examples that point to lessons that could be relevant for Latvia. For example, in Finland the guidance and counselling system covers all parts of lifelong learning, from early childhood education and care (ECEC) to adult learning, and there are targeted programmes for people at risk or those who are out of the labour market and out of education. The ministries of education and employment established a national steering group for guidance and counselling to strengthen cross-sectoral and multi-professional co-operation between key actors and stakeholders. In anticipation of the shortfall in finances when funding from the European Social Funds (ESF) ends, the Finnish Government has already created an action plan that seeks to establish permanent One-Stop Guidance Centres in co-operation with the Ministry of Finance and various governmental ministries. The municipalities, the Finnish National Agency for Education, and the Ministry of Education and Culture will together finance career guidance in educational institutions (Box 3.3).

Box 3.3. Relevant examples: Improving guidance and counselling

ESF project Youth Guarantee measure 7.2.1.1 / 15 / I / 001 "Career Counselling" in Latvia

The aim of this project is to provide support for registered unemployed young people in matters of employability, retraining and career planning. The target group is young unemployed persons aged 15 to 29 (inclusive) who are registered with the State Employment Agency and who have not completed full-time study programmes as defined by the Law on Higher Education Institutions. Types of career services offered by the State Employment Agency include individual career counselling, individual diagnostic career counselling, group career counselling and group informative career counselling.

Career counselling sessions determine professional aptitude and provide an assessment of training abilities before enrolling in courses and retraining activities. The career counsellor also provides

psychological support and educates the client on career choice and planning issues. An average of three career counselling sessions are available within the Youth Guarantee Support Career Counselling Activity.

Source: State Employment Agency (2017[25]), *ESF projekta „Jauniešu garantijas" pasākums „Karjeras konsultācijas" (ESF Project "Youth Guarantee" Career Counselling)*, www.nva.gov.lv/index.php?cid=433&mid=548&txt=4623.

Guidance and counselling services in Finland

Everyone in Finland is entitled to guidance and counselling services, regardless of whether they are studying, working, unemployed or outside of the labour market. Finland's guidance system covers all parts of lifelong learning, from ECEC to adult education. There are also targeted programmes for people at risk or those who are out of the labour market and out of lifelong learning. The ministries of education and employment established a national steering group for guidance and counselling to strengthen cross-sectoral and multi-professional co-operation between key actors and stakeholders (Finnish National Agency for Education, 2012[26]). One-Stop Guidance Centres and efforts to digitalise services have been carried out with ESF funding, and were jointly initiated by the Ministry of Economic Affairs and Employment, the Ministry of Education and Culture, and the Ministry of Social Affairs and Health. Once ESF funding ends, the Finnish Government's Action Plan seeks to establish permanent One-Stop Guidance Centres in co-operation with the Ministry of Finance and other governmental ministries. Municipalities, the Finnish National Agency for Education and the Ministry of Education and Culture finance career guidance in educational institutions. Career guidance services in public employment and the business sector are financed by the Ministry of Economic Affairs and Employment. Over the next three years, EUR 30 million will be used for the digitalisation of public employment services.

Source: European Commission (2012[27]), *Strategies for improving participation in and awareness of adult learning*, Directorate-General for Education and Culture, https://publications.europa.eu/en/publication-detail/-/publication/024feeda-773e-4249-8808-158716e4296c; Finnish National Agency for Education (2012[26]), *Lifelong Guidance in Finland*, www.cimo.fi/instancedata/prime_product_julkaisu/cimo/embeds/cimowwwstructure/25493_Lifelong_guidance_in_Finland.pdf.

Recommendations for improving guidance and counselling

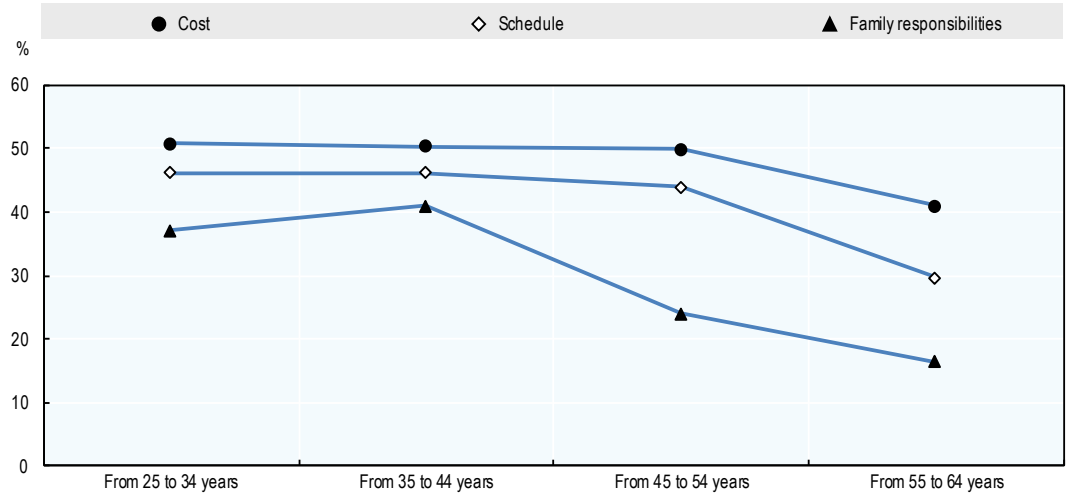
- **Make guidance and counselling services financially sustainable**. Evaluate current funding mechanisms in terms of effectiveness, equity and alignment with priorities. Consider alternative financing entities, such as municipalities or employers, and cost-saving possibilities through collaboration among public providers (public employment services, State Education Development Agency) and private providers, as well as a more cost-efficient blended career guidance and counselling approach that combines online and offline formats.
- **Improve guidance and counselling services through providing ongoing training for guidance counsellors** so that they can provide services tailored to the specific needs of individuals, reach out to and effectively engage under-represented adults (e.g. unmotivated, low skilled, rural residents).

Opportunity 2: Reducing barriers to adult learning

Even when there is motivation to participate in adult learning, external barriers can still make participation difficult for adults. According to the Adult Education Survey, the most significant barriers in Latvia are finances, time and family responsibilities. Financial barriers can refer to the direct (e.g. training fee) and indirect costs (e.g. transportation fee to get to training; lower wage from lower working hours due to training) of participating in training. Time barriers can be due to scheduling challenges at work or at home. An employer may not allow the employee to take the time to participate during working hours as that constitutes a loss of working time. The adult learning programme may also be offered during times that are difficult to access, such as during working hours instead of evenings or weekends. It may be difficult for adults with family responsibilities to access adult learning programmes if they cannot find or afford alternative care options for those under their care (e.g. children, elderly).

In Latvia, financial barriers were reported as the most common barrier to accessing adult learning (Figure 3.14). This was the case across four different age groups (25-34 years; 35-44 years; 45-54 years; 55-64 years). For the first three age groups it was around 50%, while for the oldest group it was around 41%. The second most common barrier adults faced was a scheduling conflict. For the first three age groups this was around 46%, while for the oldest age group it was around 30%. The third most common barrier was having family responsibilities. For 25-34 year-olds this is around 37%, and for 35-44 year-olds it was 41%, which reflects that they are most likely to face caring responsibilities for young children or elderly relatives. Only 24% of 45-54 year-olds and 16% of 55-64 year-olds stated family responsibilities as a barrier.

Figure 3.14. Latvia: Three most common obstacles to participation in education and training by age, 2016



Source: Eurostat (2019[28]), *Obstacles to participation in education and training by age*, Adult Education Survey 2016 (database), https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035816

Providing financial means to reduce the cost of adult learning

There are a number of different financial instruments that can help reduce the cost of adult learning. These can be largely classified into four different categories: 1) supply-side measures focusing on education and training providers; 2) demand-side measures targeting individuals; 3) demand-side measures targeting employers; and 4) comprehensive measures covering both supply and demand sides. Examples of each can be found in Table 3.4, and are further explained in greater detail with relevant country examples in OECD (2017[29]).

Table 3.4. Financial incentives for steering education and training

Supply-side measures *Institutions*	Demand-side measures *Individuals*	Demand-side measures *Employers*	Cross-cutting measures
Subsidies Performance-based funding Performance contracts One-off (capital) funding Regulating start-up of new programmes Tuition fee policy	Subsidies Savings and asset building mechanisms Time accounts Tax incentives Loans Study/training leave	Subsidies Tax incentives Loans Training levies/funds Job rotation Payback clauses Public procurement	Subsidies Sector covenants Grants

Note: Not all measures can be easily classified into these categories. Measures designed to nudge behaviour on the supply side often have repercussions on the demand side, and the other way around.
Source: OECD (2017[29]), *Financial Incentives for Steering Education and Training*, https://dx.doi.org/10.1787/9789264272415-en; Müller, N. and F. Behringer (2012[30]), "Subsidies and Levies as Policy Instruments to Encourage Employer- Provided Training", *OECD Education Working Paper No. 80*, https://dx.doi.org/10.1787/5k97b083v1vb-en.

There are a number of financial incentives in Latvia. According to the Latvian Labour Law, an employee who studies at any education institution can receive study leave with or without retention of work salary. While this law applies to all employees, regardless of whether they are under collective labour contract agreements or not, employees rely on the agreement of their employers in order to benefit. There are a number of adult learning measures (i.e. active labour market programmes) offered free for unemployed adults. In addition, unemployed adults may benefit from regional mobility support measures that cover transportation or living costs if training is at least 15 km away from their declared residence. Adults who wish to participate in tertiary education programmes in Latvia can receive study loans, but these are only applicable to full-time study programmes. In adult vocational education programmes (see SO 8.4.1. programme in Annex Table 3.A.2), most costs are covered, but participants are still expected to pay 10% of the participation cost. An adult who becomes an employee in a government or medical institution after participating in a tertiary education or vocational education programme may be eligible for a loan forgiveness programme. All tax paying adults who have paid towards their education may receive a partial reimbursement for these costs.

During the bilateral meetings, focus group meetings and workshops, stakeholders emphasised the importance of targeting better financial incentives at employers. This was also highlighted in a Latvia country report written by a national expert (Maslo, 2017[31]). One specific idea that stakeholders proposed was the introduction of training levies. Such levy schemes are designed to pool resources from employers to pay for training. This can help overcome employer concerns that other employers will poach staff that they have spent money on training. Through the levy, funding from employers who invest little in training is allocated to those who invest a lot. There are different levy schemes that Latvia could consider. Common ones include revenue-generating schemes, levy-grant schemes, levy-exemption schemes, and cost-reimbursement scheme. See Table 3.5 for an overview of the advantages, disadvantages and relevant country examples. Countries differ in the amount of the levy and whether it's a flat rate for all employers of

all sizes or whether it is adjusted based on employer size and sector. There are also cases of sharing the levy between employers and employees, or of having a fixed lump sum, although these are less common (Table 3.6). In most cases, levy-grant schemes are set up within the framework of sectoral agreements. The adoption of a levy scheme depends largely on a country's specific context and the negotiations that have taken place.

The advantages of levy schemes are that they do not require public funds and that when compulsory they can raise both awareness and commitment to providing training. They also secure a stable and ongoing source of funding, regardless of business cycle and availability of public funding (e.g. government, EU). However, there is a risk that employers may see the levy as an additional tax burden, which is why it is critical to engage employers early on in the governance of the levy scheme so that they can participate in the decision-making process of how the fund is designed and implemented. Strong tripartite relationships are a critical feature of successful levy systems. In order to increase ownership of key actors, it may thus be easier to initially start the levy scheme in a particular sector or geographical area (Smith and Billett, 2004[32]). This will also allow for the levy scheme to specifically target the skill needs of the sector or geographical area. Attention should be paid to ensure that the benefits of levies are spread out for companies of all sizes, in particular for SMEs, as well as benefit target groups at risk (Müller and Behringer, 2012[30]), rather than only managers pursuing MBAs.

Table 3.5. Types of training levy

	Revenue-generating schemes	Levy-grant schemes	Levy-exemption schemes	Cost-reimbursement schemes
Description	Employer contributions are used to finance general training programmes.	Payroll contributions are collected from employers and distributed as grants.	Employers are required to dedicate at least a certain percentage (e.g. 1%) of payroll towards training, or submit the equivalent to government.	Firms pay a compulsory levy, but can claim expenses back for any training costs incurred during year.
Advantages	Raise funds for publicly provided training.	Higher grants can be given to firms with higher training expenses Grants can be made conditional on training specific skills relevant for labour market.	Cost of training for employer is zero up to the amount of tax liability.	Lower administrative burden Employers have greater freedom in planning training.
Disadvantages	No incentive for firm to invest in training as contributions cannot be claimed back.	Require many case-by-case decisions, higher administrative costs. Grant application can be more burdensome for small firms.	Employers may opt out of training as it is easier to pay the levy than provide training.	In order to get money back employers may spend money on any type of training, regardless of quality.
Country examples	Brazil (SINAI).	Italy (Intersectoral training fund), Denmark (Kompetenceudviklingsfonde), United States (Arizona Job Training Tax), Greece, Poland (Krajowy Fundusz Szkoleniowy), Korea.	Hungary (compulsory VET levy), Greece (ELEKP training fund).	Denmark (Reimbursement Fund), Belgium, France (Contribution à la formation professionnelle continue).

Note: Countries often have hybrid schemes with funds raised through levies and distributed through grants and direct subsidies.
Source: OECD (2017[29]), *Financial Incentives for Steering Education and Training*, https://dx.doi.org/10.1787/9789264272415-en; Müller, N. and F. Behringer (2012[30]), "Subsidies and Levies as Policy Instruments to Encourage Employer- Provided Training", *OECD Education Working Paper No. 80*, https://dx.doi.org/10.1787/5k97b083v1vb-en.

Table 3.6. Training levies in selected OECD countries

Country	Levy-rate (% of payroll)	Differentiation	Type
Australia	1.5%	No	Levy-exemption
Belgium	0.1% to 0.6%	By sector	Levy-exemption
Canada (Quebec)	1%	No*	Levy-exemption
Denmark	DKK 2 702**	No	Revenue-generating/cost-reimbursement
France	0.55% to 1%	By firm size	Levy-grant
Greece	0.24%	No	Levy-exemption
Hungary	1.5%	No	Levy-exemption/revenue-generating/levy-grant
Ireland	0.7%	No	Levy-exemption/revenue-generating
Italy	0.3%	No	Levy-grant
Korea	0.1% to 0.7%	By firm size	Levy-grant
Netherlands	Up to 2%	By sector	Levy-grant
Poland	0.25%	No	Levy-grant
Spain	0.7% (of which 0.1% on workers)	No	Levy-exemption
United Kingdom	0.5% to 2.5%	By fund	Levy-exemption

Note: *Canada (Quebec) and South Africa exempt the obligatory 1% of payroll contribution for firms with a payroll under a certain threshold. **Denmark has a lump sum of DKK 2 702 per full-time employee per year paid to the Employers' Educational Grant (*Arbejdsgivernes Uddannelsesbidrag*, AUB), which reimburse wages paid to employees undergoing off-the-job training.
Source: OECD (2019[6]), *Getting Skills Right: Future-Ready Adult Learning Systems*, https://dx.doi.org/10.1787/9789264311756-en; Müller, N. and F. Behringer (2012[30]), "Subsidies and Levies as Policy Instruments to Encourage Employer- Provided Training", in *OECD Education Working Paper No. 80*, https://dx.doi.org/10.1787/5k97b083v1vb-en; UNESCO (2018[33]), *Funding skills development: the private sector contribution,* https://unesdoc.unesco.org/ark:/48223/pf0000261984; OECD (2017[29]), *Financial Incentives for Steering Education and Training*, https://doi.org/10.1787/9789264272415-en.

Box 3.4. Relevant examples: Providing financial means to reduce the cost of adult learning

Training initiative to support innovation in companies in Latvia

The Ministry of Economics continues to support a variety of activities aimed at increasing entrepreneurial and workforce skills, including awareness building and informational campaigns. The programmes "Technology training" (2016-2022) and "Non-technology training and training to attract investors" (2016-2020) promote training opportunities for employees so that they can more easily adopt innovation in their companies. The first programme has received EUR 18 million in EU funding and will first focus on companies in the manufacturing, ICT and tourism sector, followed by companies in the ICT, manufacturing and global business service centres sector. The second programme has received EUR 6.9 million in EU funding and focuses on the ICT sector and any other industry sector determined by the Latvian Investment and Development Agency and the Latvian Chamber of Commerce and Industry. Industry associations ensure that the training meets the needs of companies and those who are self-employed. Agreements have been signed between industry associations, training centres and companies. Training is provided in enterprises by training centres, individual experts or in training centres in Latvia and abroad.

Developing the professional competencies of employees in Latvia

The aim of the programme "To Develop Professional Competencies of Employees" (December 2016-December 2022) is to provide support for the improvement of professional competences of employed young persons (aged 17-24) and employed adults (aged 25+), with a special focus on workers in high social risk groups, including those over 45 and the low skilled. The scope of the project includes support for 38 627 employed people. The results so far are: 1) employed persons aged 17+ with low education level – 9 934 people; and 2) employed young persons aged 17+ with the exception of those with a low education level – 14 568 people**.** The budget is EUR 27 million, including funding from the ESF (among other institutions) of EUR 23 million, and the state budget of EUR 4 million. The body responsible for

implementation is the State Education Development Agency, with the involvement of local municipalities, education institutions and the State Employment agency. Through this programme, adults can participate in continuing vocational education, vocational training and non-formal education programmes, as well as receive career counselling services and the evaluation of professional competences acquired outside of formal education settings. The implementation of additional support measures is targeted at people who are at risk of social exclusion. Such support measures include an assistant for disabled people and support for regional mobility for low-income workers. VET schools, in particular VET Competence Centres, have been designated as major vocational training and continuing vocational education providers. The state has invested heavily in their infrastructure and in the modernisation of their programmes.

In February 2017, the Adult Education Governing Board made the first call for applications in four priority sectors: construction, metalworking, mechanical engineering; wood industry; electronic and optical industry; and information and communication technologies. For the second call of applications the board approved 12 sectors (including 4 sectors from the first call): chemical industry, energy, food industry and agriculture, manufacture of textiles, clothing, leather, and leather products, printing and media technologies, catering service and tourism; transport and logistics; food industry and agriculture, construction, metalworking, mechanical engineering, wood industry, and electronic and optical products, information and communication technologies sector, as well as courses for the employed in the culture sector. For the third call of applications, 400 education programmes in 11 sectors were approved by the board. The fourth call took place on 28 June 2019, with nearly 800 programmes available for adults and applications being submitted online. Some 17 000 adults started education and training during rounds one to three. Men made up 57% of participants and women 47%, and 21% had low levels of education. About 10% have started education in vocational further education programmes, 11% in professional improvement programmes and 79% in non-formal education programmes. Approximately 12 000 adults have already finished their education and training programme.

Source: Eurydice, (2019[34]), *National Reforms in Vocational Education and Training and Adult Learning*, https://eacea.ec.europa.eu/national-policies/eurydice/content/national-reforms-vocational-education-and-training-and-adult-learning-34_en.

Employer reimbursement fund in Denmark

In the Danish VET system, funding is shared between the state and employers. The school-based part of VET is financed by the state, and companies fund the work-based training, as well as the wages that apprentices receive during the entire VET programme. The school-based parts of VET programmes are financed by the state based on a taximeter system (pay per student). All companies, both public and private, have to pay a fixed annual amount into the Employers' Reimbursement Fund for each of their employees (in 2013, this was around EUR 400). The fund then reimburses a company for apprentice wages when the apprentice is undertaking the school-based part of a VET programme. The amount of the Employers' Educational Grant (*Arbejdsgivernes Uddannelsesbidrag*, AUB) is based on the Danish labour market supplementary pension fund contributions (*Arbejdsmarkedets Tillægspension*, ATP) that the employers have paid for the quarter. For every quarterly contribution of DKK 852 (Danish kroner) (around EUR 114) to ATP Livslang Pension (Lifelong Pension), employers must pay a contribution of DKK 675.50 (around EUR 90) to the AUB. In 2018, the contribution to the AUB was DKK 2 702 (around EUR 362) per full-time employee. In 2018, the quarterly contribution to the AUB per full-time employee was DKK 675.50 (around EUR 90). Every first and fiftieth employee is deducted in the calculation of a contribution to the AUB. Contribution to the AUB is mandatory for all employees on the Danish labour market and entitles employers to apply for reimbursements regarding trainees. A maximum of 80% of the trainee's travel expenses will be subsidised based on the cheapest form of public transportation. If the trainee is posted abroad for at least one month, the AUB will pay the difference between the trainee's Danish salary and the salary paid abroad.

Source: OECD (2014[35]), *OECD Economic Surveys: Denmark 2013*, https://doi.org/10.1787/eco_surveys-dnk-2013-en; Virk (2019[36]); *Arbejdsgivernes Uddannelsesbidrag (Employers' Educational Grants – AUB)*, https://indberet.virk.dk/arbejdsgivernes-uddannelsesbidrag-english/contribution-rates.

Recommendation for providing financial means to reduce the cost of adult learning

- **Explore piloting a shared training fund in some sectors that employers contribute to and can draw from**. Engage employers from the beginning to ensure that there is ownership for such a fund. After the pilot, evaluate the effectiveness of such a shared fund and whether it is worthwhile being extended to other sectors.

Encouraging employers to enable participation in adult learning during working hours

For employed adults, finding the time for adult learning can be challenging. For this target group, participation in adult learning could be raised through creating incentives for employers to invest and support adult learning for their employees.

In Latvia, the Labour Law Article 137(2) stipulates that employees may count their training time as part of their working hours. However, in practice some employees still face challenges in undertaking training during working hours (Table 3.7). A common challenge among SMEs, which make up most enterprises in Latvia, is that even when training itself is financed through government funding, employers may not feel that they can afford employees to be missing from work to participate in training. It may not be easy to find a replacement for those times or to distribute the workload among their reduced number of employees, especially when specific skills are required or when the company is struggling to operate. In such circumstances, employers may discourage their employees from undertaking training during working hours and instead ask them to find a programme outside of working hours. This, however, has other challenges, such as competing family responsibilities (see next section).

Table 3.7. Employer support for the education and training of their employees

	2017	2018
Employees in the 25-64 age group participating in education (thousands).	64.5	55.9
Employed in the 25-64 age group participating in education and courses, and seminars held during paid working hours (thousands) (L114 = 1.2).	24.4	23.9
Employed in the 25-64 age group participating in education and courses, and seminars held only outside paid working hours (thousands) (L114 = 3.4).	13.5	16.8
Percentage of employees who participated in education during paid working hours from all adults participating in educational activities (%).	37.7	42.8
Percentage of employees who participated in education only outside paid working hours of all adults participating in educational activities (%).	21.0	30.1

Source: Central Statistical Bureau of Latvia (2018), Labour Force Survey.

To address the issue of employees missing work, a payroll subsidy could be introduced for the time that an employee misses work due to training, which could then be used to either hire temporary staff to provide cover or to pay more to the remaining employees who take on additional tasks. This could also be funded by a training levy, as explored in the previous section.

To complement these efforts, Latvia could consider introducing a training obligation to ensure that employers provide or support training for their employees. This was an idea that stakeholders proposed during the missions of the OECD. There are a number of countries that have already implemented a training obligation, either through legislation or collective bargaining (Table 3.8). In Flanders (Belgium), a legal requirement is in place to make training obligatory for employees (Box 3.5).

Table 3.8. Training obligation

Training other than health and safety

No legislative obligation	Legislative obligation	Obligation through collective bargaining
Canada, Chile, Czech Republic, Hungary, Iceland, Ireland, Luxembourg, Norway, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States of America.	Belgium, Canada (Quebec), Estonia, France, Japan, Korea, Mexico, Portugal, Slovenia.	Denmark, Italy.

Note: Countries that had missing answers to the questionnaire: Australia, Austria, Finland, Germany, Greece, Latvia, Lithuania and Poland.
Source: OECD Adult Learning Policy Questionnaire from OECD (2019[6]), *Getting Skills Right: Future-Ready Adult Learning Systems*, https://dx.doi.org/10.1787/9789264311756-en.

There have been various studies analysing the effectiveness of a training obligation. Some evidence suggests that a training obligation is more effective (Rynes and Rosen, 1995[37]) and leads to higher levels of motivation (Baldwin and Magjuka, 1991[38]) than not having such an obligation. These outcomes are explained by the participants believing that training is mandatory because it is important (Tsai and Tai, 2003[39]). Research points to some factors that seem to determine whether a training obligation succeeds in not only raising training participation, but also in ensuring that training participants transfer learned content to their work. Adult learners should be given some freedom to decide between options among a number of programmes so that they feel autonomous and self-determined (Rosen et al., 2014[40]). In order to ensure that these choices are aligned with labour market needs, the choice could be offered among labour market relevant programmes. Adult learners should also participate in the decision-making process associated with the training. This includes providing feedback on training design in terms of curricula and format and how mandatory training participation requirements are implemented (Gegenfurtner et al., 2016[41]). This suggests that simply introducing a training obligation is not enough; it needs to be implemented in such a way that adult learners are engaged in the whole process so that they feel they have a say and are not just subjected to a requirement. Furthermore, simply ensuring that participants are in training is not sufficient, there must also be efforts to raise adult learning quality (see Opportunity 4: Raising the quality of adult learning opportunities).

Box 3.5. Relevant example: Encouraging employers to enable participation in adult learning during working hours

Legal training requirement in Flanders (Belgium)

To improve the accessibility of adult education and training, a national law on "Workable work" (2017) (*Werkbaar werk*) introduced the obligation for employers to provide an average of five days of training per year, replacing a legal obligation to spend a share of the wage cost on training. The law aims to encourage employers to invest more in employee training by creating a new legal framework. In abiding by this law, employers are part of upskilling the population of Flanders. Very small enterprises can be exempt from the mandatory training. In the new framework, if there is no collective agreement on the issue/training, every employee is entitled to two training days per year. If the training is given outside of working hours, employees will be paid for the extra hours, but at the regular rate and without a bonus.

Source: OECD (2019[42]), *OECD Skills Strategy Flanders: Assessment and Recommendations*, OECD Skills Studies, https://doi.org/10.1787/9789264309791-en; Werkbaar Werk (2019[43]), *Wat is Werkbaar werk (What is Workable Work)*, www.werkbaarwerk.be/werkbaarwerk/pagina/wat-werkbaar-werk.

Recommendation for encouraging employers to enable participation in adult learning during working hours

- Explore the viability of introducing a mandatory requirement for employers to provide or support participation in adult learning for their employees. Employers and unions should be part of the decision-making process of how such a requirement is implemented in practice.

Providing complementary social policies to make adult learning feasible for those with family responsibilities

Those with family responsibilities, in particular adults with young children, may find it difficult to combine raising children with participating in training, especially when there are no childcare options available during training times. As discussed in Chapter 2, ECEC places only become available for most parents when their children are about 1.5 years old. If there are no alternative care options, such as extended family members or others, it may not be feasible for adults caring for their young children to participate in training. Providing childcare options near the training site for adult learners may make it easier for parents to participate. In Wales, adults can receive financial support to cover childcare costs during participation in education and training (Box 3.6).

Box 3.6. Relevant example: Providing complementary social policies to make adult learning feasible for those with family responsibilities

Childcare support for adult learners in Wales

Learners in Wales can apply for a Financial Contingency Fund (FCF). The FCF is provided by the Welsh Government to assist students, including adult learners, in financial difficulties. This fund is not for students to pay their study fees, but for childcare, Internet access, equipment, travel and assessment costs for diagnosis of a specific learning difficulty, such as dyslexia. The Welsh Government allocates GBP 7 million (British pounds) a year for the FCF. National priority groups for the fund include learners on a low income and those with children (especially single parents). Universities determine their own policy for allocating FCFs.

Source: Daycare Trust (2007[44]), *Childcare for adult learners in further education*, www.nuffieldfoundation.org/sites/default/files/files/daycare%20trust(1).pdf; The Open University (2016[45]), *Guidance notes for Financial Contingency Fund*, www2.open.ac.uk/students/_data/documents/helpcentre/funding-your-studies/welsh-financial-contingency-guidance-notes.pdf.

Recommendation for providing complementary social policies to make adult learning feasible for those with family responsibilities

- Promote collaboration between adult learning providers and municipalities to provide childcare options near to adult learning programmes. This could mean expanding already existing childcare options to make them available during times of adult learning (e.g. evening or weekend). Explore whether, in the context of the territorial reform, the financial capacity of each consolidated municipality could be elevated to provide expanded childcare services. In cases where no public childcare option is available during times of adult learning, consider subsidising the cost of alternative private childcare options for low-income adult learners.

Opportunity 3: Expanding the provision of adult learning

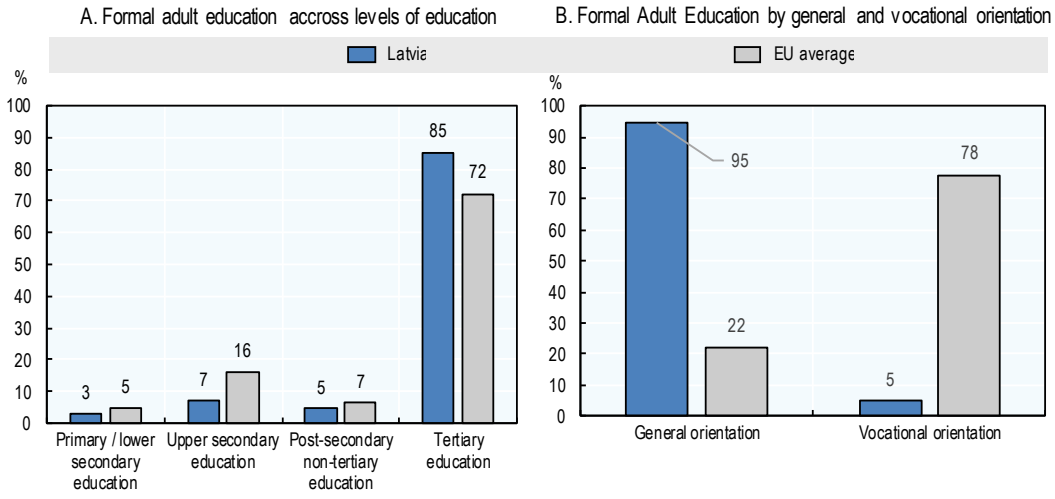
As illustrated in Figure 3.2, the participation of Latvian adults in adult learning is above the EU average in informal learning and non-formal learning, while participation in formal adult education is below the average. Improving the provision of adult learning opportunities in formal adult education could raise

the overall participation rate. Existing institutions such as VET schools and tertiary education institutions could play a greater role in this as they are important formal adult education providers that provide a variety of non-formal adult education opportunities. With population ageing and emigration combining to decease the size of Latvia's traditional student population, it is in the long-term interest of these institutions to expand their course offering to adult learners.

In Latvia, most formal adult education occurs in institutions at the level of tertiary education, followed by upper secondary, post-secondary non-tertiary education, and primary/lower secondary education. Compared to the EU average, a greater share of formal adult education in Latvia takes place at the tertiary education level, while across the EU, a larger share of adult learners participates at the upper secondary education level, including both general and vocational orientation (see Figure 3.15, Panel A). In Latvia, formal adult education tends to have more of a general than a vocational orientation: around 92.9% of adults participating in formal education are taking a general orientation programme, and around 7.1% a vocational orientation programme. This stands in contrast with the EU average, where more adult learners are participating in vocational oriented formal adult education (69.5%) than in general oriented formal adult education (30.5%) (see Figure 3.15, Panel B).

Adult learners in tertiary education participate mostly in business, administration and law, and health and welfare. The share for these two types of programme are higher in Latvia than in the EU on average. Engineering, manufacturing and construction constitute the third most attended programme in Latvia, with a share slightly lower than the EU average. The fourth most attended programme in Latvia is education, for which the share is a little higher in Latvia than the EU average. For the remaining programmes, the share in Latvia is either similar or lower than across the EU. Despite being identified as an economic priority (see discussion in Chapter 4), participation is low in natural sciences, mathematics and statistics (Figure 3.16), which could be an obstacle for Latvia's economic development.

Figure 3.15. Formal adult education across levels of education and by orientation, 2016

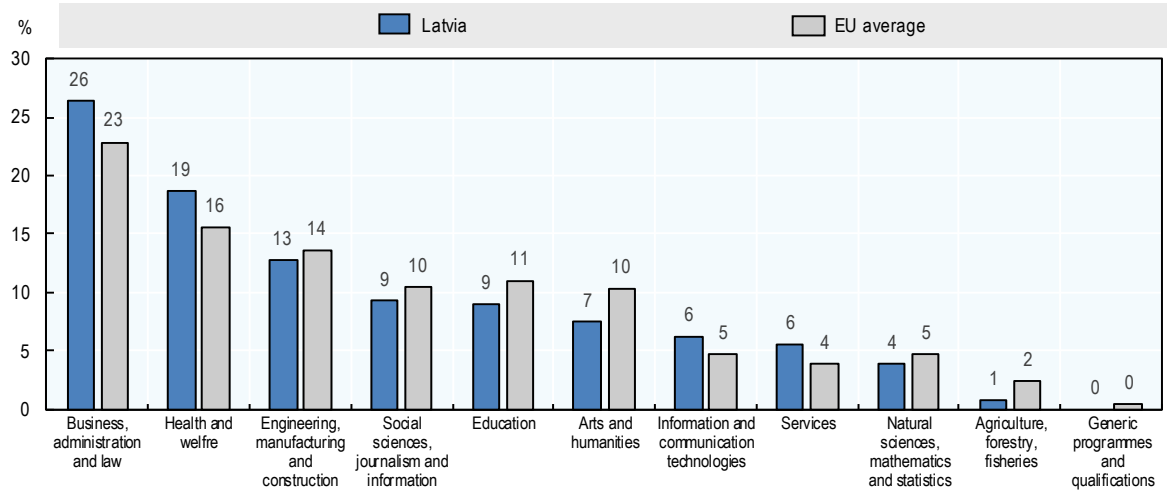


Note: Panel A: Share of adults in formal adult education across different formal degree programmes. Name of variable FEDLEVEL. Primary/secondary (ISCED 1-2). Upper secondary (ISCED 3 programme duration of 2 years and more, sequential access to next ISCED 3 programmes only; ISCED 3 programme duration of 2 years and more, terminal or access to ISCED 4 programmes only; ISCED 3 with access to ISCED 5, 6 or 7; programme of duration of 2 years and more, without possible distinction of access to other ISCED levels). Post-secondary non-tertiary (ISCED 4). Tertiary (ISCED 5, 6, 7, 8). Panel B: Share of adults in formal adult education across upper secondary education (level 300) and post-secondary non-tertiary education (level 400) by orientation. Name of variable FEDVOC.
Source: Eurostat (2019[19]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035835

Figure 3.16. Formal adult education in tertiary education by field of study, 2016

Share of adults participating in different field-of-study programmes in tertiary education



Source: Calculations based on Eurostat (2019[19]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035854

Expanding the provision of adult learning opportunities in VET, especially in Vocational Education Competence Centres

Latvian adults can participate in private and public VET (Box 3.7). Private VET providers are active in the provision of adult learning to those who are unemployed and employed. Public VET institutions include vocational schools (*arodskolas*), vocational secondary schools (*profesionālā vidusskola, tehnikums*) and colleges (*koledža*). Some VET schools provide basic VET education programmes, mainly for students with special needs. Vocational secondary education can be accessed after completing basic education (*pamatizglītība,* ISCED 1 and 2 levels). Those who have no basic education certificate and are older than 15 can enter vocational schools (*arodskola*) and acquire a qualification of both vocational and basic general education at the end of schooling. Students who have passed final subject and qualification examinations in their education programme receive a state recognised vocational education document, such as the certificate of vocational basic education (*apliecība par profesionālo pamatizglītību*), the certificate of vocational education (*apliecība pararodizglītību*), the diploma of vocational secondary education (*diploms par profesionālo vidējo izglītību*) and the certificate of professional qualification (*profesionālās kvalifikācijas apliecība*) (Latvian Qualification Database, 2019[46]).

VET programmes offered for those who are unemployed are administered via training vouchers, meaning that they can choose which training programme to join. This enables unemployed adults to acquire professional qualifications at the second, third and fourth level of the European Qualifications Framework. In order to improve VET for adults, VET institutes should collaborate with employers to ensure that the skills needed for the development of the sector are taken into account in education. There is also a need to improve the capacity of VET institutes to assess and analyse the current market situation, preparing an adult education service delivery plan, communicating with sectors on labour market needs, and successfully marketing educational services, and promoting VET institutes' understanding of technological development trends and skills needed for the labour market after 3-5 years.

Vocational Education Competence Centres (VECCs) play an important role in the VET system as they are a hub for VET and are accessible across Latvia (see Chapter 2). VECCs have received several financial

investments to upgrade their infrastructure and equipment. While the provision of adult education is a mandatory requirement to receive VECC status, not all VECC programmes are actively catering towards adult learners. Although VECCs are able to keep any additionally gained income (up to EUR 100 000 per year) from additional VET students, they lack the management capacity to deal with this new influx of students and the related budgetary changes in terms of income and expenses. Some 16 out of 18 VECCs under the Ministry of Education and Science are already providing adult learning opportunities in the programme SO 8.4.1, but other VECCs are still unwilling. Sometimes this reluctance is related to changes in operations when services are provided in new time slots, such as during the summer months, as this would entail, for example, holiday pay and additional contracted time. Some VECCs (*tehnikums*) have established adult learning centres or departments (*Ogre tehnikums, Daugavpils Būvniecības tehnikums* etc.) to provide a range of permanent and sustainable adult learning programmes.

Another challenge for VECCs is transitioning from an approach of receiving students automatically through the education system to an approach that involves actively recruiting adult students and competing with private VET providers. The capacity of VECCs to engage in marketing communication and promotion activities to encourage adults to participate needs to be strengthened. While some pilot initiatives support VECC staff to cater to adults, more training could be delivered to help them understand how to meet the specific needs of adult students and adopt a tailored pedagogical approach. This is important, as working with adults requires different teaching methods to working with young people. There are also challenges in attracting the best teaching candidates while at the same time offering comparatively lower salaries than the tertiary education sector. VECCs have an ageing teaching workforce. Existing VET courses are being reviewed to ensure that they can also be provided in modules, which are shorter segments that can be taken over time and that add up to fulfil the same requirements as regular VET courses. These modules, besides being available to young pupils, should also be made available to adult learners so that they can take courses that fit their work and family schedule. Latvia could also explore how flexibility could be increased by the use of technology and offering modules partly in an online or distance format.

Box 3.7. Relevant examples: Expanding the provision of adult learning in VET

Practical guidelines for the implementation of adult learning in VET schools in Latvia

The methodological material “Practical guidelines for implementation of adult learning in VET schools” was developed of the State Education Content Centre (VISC) within the framework of the European Social Fund project, “Effective management of vocational education institutions and improvement of personnel competence”. The methodological material was developed by SIA AC *Konsultācijas*, in partnership with businesses and business experts, representatives of ministries (education and science, economics, welfare, and finance), and in co-operation with four vocational education competencies centres (PIKC): Rīga Valsts tehnikums, Riga Mākslas un mediju tehnikums, *Liepājas Valsts tehnikums*, and *Ogres Tehniku*ms. The guidelines describe the structural plan for the adult education project, and include planning the work of adult education teachers, establishing an organisational structure and responsibility sharing, flexible pricing principles and a financial plan, and how to evaluate results. When preparing teachers for providing adult education, it is essential to assess their ability to work with adults. At present, there are no criteria developed in Latvia for the skills of an educator working with adults, as is the case in other EU countries. There is also no public order for the professional training, further professional development and recognition of qualifications of adult educators, although the Adult Education Association of Latvia has compiled the recommended pedagogical skills and competences for adult educators.

Lifelong learning competence programmes for adult education in Latvia

In order to offer opportunities to improve lifelong learning competences within the framework of the Erasmus+ programme project, "National Co-ordinators for the implementation of the European Agenda for Adult Education", VET expert working groups have developed lifelong learning competence programmes for adult education. The programmes are designed according to the modular principle. Each module consists of the following sections: 1) a description of the module, including its purpose, tasks, module entry conditions, assessment of module acquisition and relevance and applicability; 2) the content of the module, which summarises the topics to be studied, the recommended content and the results to be achieved - which the learner must be able to know and understand when learning a specific topic. Descriptions of the medium and optimal level of module acquisition are also provided, as well as those providing different ideas for the module; 3) a description of the tests, including introductory assessment (clarification of the needs of the learner, evaluation of preliminary knowledge for the introduction of training to suit the needs of the learner), current evaluation (if provided) and the content of the final examination work and evaluation criteria. The content of the modules is tailored to the needs of the industry, key competences for lifelong learning and adult learning needs. Some modules are integrated and combine several competences. There were 18 expert groups organised and 26 modules designed based on 8 competences for lifelong learning and sectoral needs.

Source: EPALE (2018[47]), *Mūžizglītības kompetenču apguves programmas pieaugušo izglītībai (Educational competence acquisition programs for adult education)*, https://ec.europa.eu/epale/en/node/72751.

Adult learning through VET in Germany

Continuing VET takes lifelong learning into account and is the classical field for courses to deepen and supplement vocational knowledge, competencies and skills. Continuing training plays an increasingly important role in improving employability for those pursuing lifelong learning. Vocational education in Germany is offered in full-time schools or within the framework of the dual system (*Duales System*), which is the core of VET in Germany. The system is described as dual because training is conducted in two places of learning: companies and vocational schools. The dual system is based on a close co-operation between employers, trade unions and the government. Teachers are employed in the various vocational schools, while trainers are skilled workers in enterprises who provide trainees with the knowledge and practical skills required for the occupation. In addition to teachers and trainers, the staff at VET workshops for disabled people include psychologists, doctors and social workers. There are different types of learning facilitators, such as training counsellors from the chambers who advise trainees and employers on issues related to training, and vocational guidance counsellors employed by the federal employment agency. In some states, senior vocational schools (*Berufsoberschulen,* BOSs) have been established to allow those completing vocational training in the dual system to obtain a tertiary education entrance qualification. In Germany, many senior jobs are held by those with vocational qualifications, which gives incentive to people to pursue VET. The state promotes participation in initial vocational education and training (IVET) and continuing vocational education and training (CVET) with various support and funding instruments (grants, subsidies and loans to cover CVET and living costs).

Source: U. Hippach-Scheider and A. Huismann (2017[48]), *Germany VET in Europe- 2016 Country Report*, https://www.bibb.de/dokumente/pdf/bibb_refernet_2017_onlineversion_1_barrierefrei.pdf.

Recommendation for expanding the provision of adult learning in VET

- **Strengthen the management and pedagogical capacity of VECCs to deal with more adult students**, including the related budgetary and scheduling changes, the tailoring of course offerings to the specific needs of adults, and recruiting adult students through marketing and promotion activities.

Expanding the provision of adult learning in tertiary education

Tertiary education institutions can play an important role in supporting adults to further develop their skills, which raises their labour market outcomes and overall productivity levels (Desjardins and Lee, 2016[49]). Public and private tertiary education institutions in Latvia are involved in providing adult learning opportunities.

In Latvia, there are 34 public and 26 private tertiary education institutions. In most tertiary education institutions, such as the University of Latvia and the Latvia University of Life Sciences and Technologies, adults can join part-time programmes and study in the evenings and through distance learning or blended learning. However, one of the challenges is that financial support is not available for those studying part-time. Students who cannot afford the cost of studying part-time or the loss in income when studying full-time may not be able to pursue studies in tertiary education (European Commission, 2018[4]). The lack of funding for part-time students is related to the larger issue of funding availability across tertiary education institutions in Latvia.

Adults may also audit regular courses. If they complete the course, they can receive a certificate of successful completion. The only requirement is for adults to have completed upper secondary education. There is a service fee for taking this type of course.

Some Latvian tertiary education institutions have established lifelong learning centres. These include the Liepāja University, the Ventspils University College, the Vidzeme University College, and the Latvia University of Life Sciences and Technologies. These lifelong learning centres provide continuing education activities, distance learning, module-based programmes, and conferences and seminars. They also strengthen local and international partnerships to promote lifelong learning and offer continuing professional development and training for adult teachers and trainers. Courses include, for example, foreign language courses, Latvian language courses for ethnic minorities, computer classes, and specialised courses for jobseekers and those who are unemployed.

In order to raise adult participation in tertiary education, stakeholders suggested measures to improve tertiary education provision for adult learners. While modular programmes have already been developed and are being offered by some tertiary education institutions, modules focus mostly on academic content and should thus be adapted to the needs of the labour market. Online courses, open educational resources and other e-learning possibilities could also be developed and provided for adults by tertiary education institutions. For example, at the University of Latvia, lectures on different popular topics are available for students free of charge, for a low fee, or for the full fee with the possibility of receiving a certificate. Tertiary education institutions should be co-operating more with employers to identify the skills needed in the labour market in general and in specific sectors. Although tertiary education institutions have branches in the different Latvian regions, they could improve their regional relevance by collecting information about specific regional demands and having a regional development strategy. Academic staff should be trained to work with adult learners so that they can learn about their specific needs and learning styles. Relations with graduates should be strengthened to incentivise them to come back for further studies. There are some successful examples of co-operating with graduates in fields such as medicine, architecture, and engineering, where graduates regularly return for further education and training after completing their initial education. This could be expanded to other fields. Latvia could also learn from countries like Denmark, which provide extensive adult learning opportunities in its tertiary education system (Box 3.8).

Box 3.8. Relevant example: Expanding the provision of adult learning in tertiary education

Adult learning in tertiary education in Denmark

In 1996, Denmark introduced an education system for adults that is parallel to the regular system: the adult and continuing education (ACE) system. This gives adults the chance to obtain secondary and/or tertiary education degrees. Secondary education includes basic and general adult education (*Grundlæggende Voksenuddannelser*, GVU, and *Almen Voksenuddannelse*, AVU) as well a higher preparatory degree (*Højere forberedelses eksamen*, HF) and labour market training (*Arbejdsmarkedsuddannelser*, AMU). Tertiary education gives adults the possibility to obtain a master's degree or to follow modules at university. There are also short-cycle tertiary education programmes (e.g. *Videregående voksenuddannelser*, VVU and *Diplom uddannelser*, diploma programmes) that make tertiary education more accessible for adults. The diploma programmes (corresponding to a bachelor's degree), for example, are built in modules that may be taken together or separately according to the interests of adult learners. The education emphasises the competences the participant has from any previous work experience and the qualifications needed in the profession. Through skills validation, participants can also be admitted to diploma programmes without any formal degree requirements.

Since its introduction, the ACE system has undergone numerous reforms to make it even more flexible, demand-led and adaptable to the needs of the labour market. In 2003 it shifted to a competence-based system with over 130 competence descriptions defined by the Danish Ministry of Children and Education, and social partners. Recently, a tripartite agreement involving the government, unions and employer organisations reformed the AMU programme in order to provide adults with or without existing vocational training with vocational adult and continuing education opportunities. The agreement emphasises a more flexible and digital training system, easier access to AMU programmes, and financial incentives for both learners and employers.

The Danish government has also established the *Kompetenceudviklingsfonde* (competency development fund) to promote continuing education. This fund was an element of the overall renewal of collective agreements, and supplements other provisions of the collective agreements on competence development and continuing education. A common feature of the competency development fund is that companies pay contributions to the fund and employees are free to choose their education with support of the funds.

Source: OECD (2019[42]), *OECD Skills Strategy Flanders: Assessment and Recommendations*, OECD Skills Studies, https://doi.org/10.1787/23078731; Danish Industry (2019[50]), *What is a competency development fund;* https://www.danskindustri.dk/vi-radgiver-dig-ny/personale/hr-ledelse-og-uddannelse/efteruddannelse/kompetenceudviklingsfonde/hvad-er-en-kompetenceudviklingsfond/.

Recommendation for expanding the provision of adult learning in tertiary education

- **Promote a strategic role of tertiary education institutions to engage adult learners**. This means enlarging the course offerings in tertiary education, providing courses in a flexible and modular format in labour market demanded subject areas, providing tertiary education staff with training to deal with adult students, and offering financial support to part-time adult students who are on a low income.

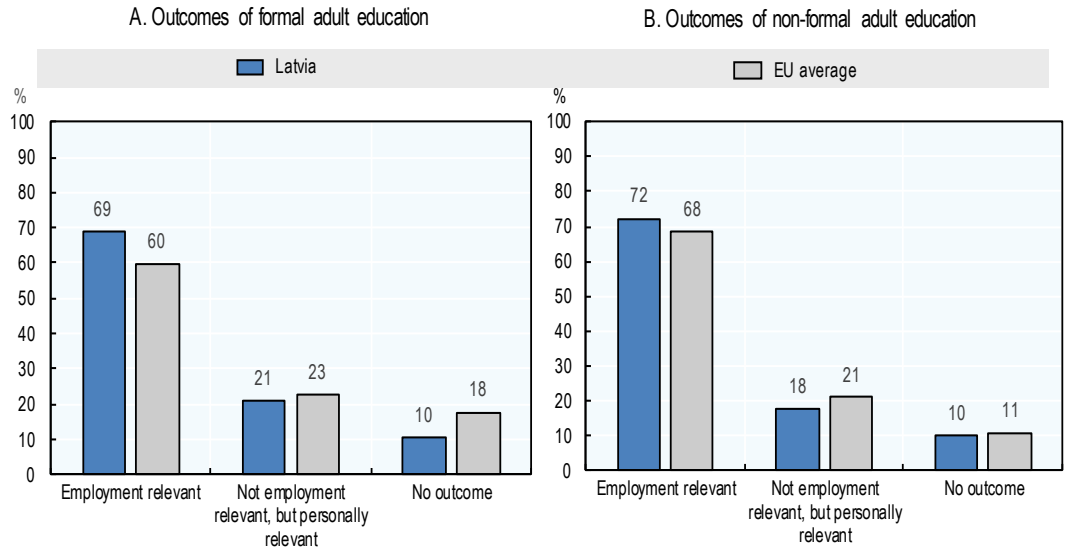
Opportunity 4: Raising the quality of adult learning opportunities

Simply raising awareness, removing barriers and expanding the provision of adult learning opportunities do not guarantee strong adult learning outcomes: it is also critical to have high-quality adult learning programmes. Evidence suggests that countries with high-quality systems for formal and non-formal adult

education tend to have higher participation rates in adult learning (Broek and Buiskool, 2013[51]). For the purpose of this report, the quality of adult learning will be defined in terms of the perceived and measured impact for the individual adult learner, as well as the alignment of adult learning opportunities to specific skill needs.

In Latvia, 67.6% of participants in formal adult education report that after participation they have experienced positive employment outcomes, defined as: 1) getting a (new) job; 2) higher salary/wages; 3) job promotion; 4) new tasks; and 5) better performance in present job. This is significantly higher than the EU average of 53.1%. Around 20.9% of Latvian participants report that the only positive outcomes were personal, such as meeting other people and refreshing skills on general subjects. This is slightly lower than the EU average of 26.2%. Around 11.5% of Latvians report no positive outcome, compared to 20.7% of EU participants. In non-formal education, the situation is similar. The share of Latvian adult learners reporting positive employment outcomes is slightly higher than the EU average (72.5% vs. 66.3%), while the share of Latvians reporting personal outcomes (17.2% vs. 22.9%) and no outcome (9.8% vs. 10.8%) is slightly below the EU average. These self-reported outcome measures in Latvia suggest that a significant share of formal and non-formal adult education has positive outcomes (Figure 3.17). While these results are encouraging, they need to be interpreted with caution, as the self-reported outcomes on employment relevance do not only reflect training quality, but also the overall labour market competition. When there is a lot of competition, training may have a larger impact on employment outcomes. When there is high unemployment, training may have a lower impact on employment outcomes. There are also cultural factors that could influence reported perceptions.

Figure 3.17. Outcomes of formal and non-formal adult education, 2016



Note: Participants who reported employment relevant outcomes may also have reported personally relevant outcomes.
Source: Calculations based on Eurostat (2019[19]), *Adult Education Survey 2016* (database), https://ec.europa.eu/eurostat/data/database.

StatLink https://doi.org/10.1787/888934035873

Previous research on the effectiveness of formal and non-formal training in Latvia focuses mostly on training provided as part of active labour market policies (ALMP) for those who are unemployed. Findings suggest that training has positive effects on employment and earnings (Hazans and Dmitrijeva, 2013[52]; OECD, 2019[53]). The size of the formal training effect on employment was larger than that of non-formal training: individuals who participated in formal training were almost 7.6 percentage points more likely to be

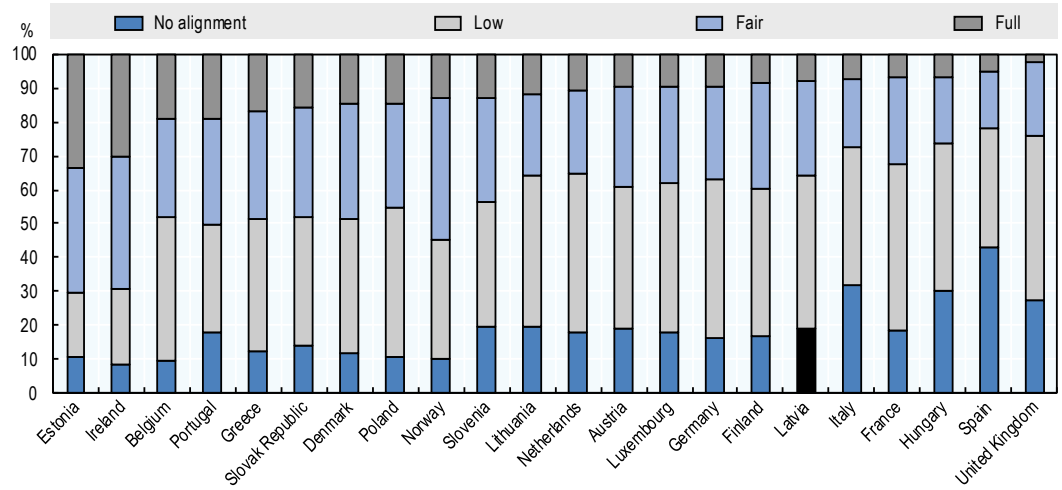
in employment after 12 months, compared to 5 percentage points more likely for those in non-formal training. In both cases, the comparison group were those still waiting for ALMP measures or another way out of unemployment. After 18 months, participants in formal training observed an increase in monthly earnings of 2.2%, compared to 5.8% for non-formal participants. When analysing these effects by various sub-groups in Latvia (gender, age, rural vs. urban, high vs. low educated, recipients of social assistance), the positive effects of formal and non-formal training remain (OECD, 2019[53]).

From the employers' perspective there seem to be some challenges in terms of aligning training to labour market needs in Latvia. When comparing the top three critical skill needs of enterprises with those addressed through training, only 10% of enterprises in Latvia report full alignment, which is below the 13% average and significantly behind other countries like Estonia and Ireland, where it is above 30% (Figure 3.18).

These findings from the various data sources suggest a mixed picture about the quality of adult learning and point to some information gaps. Adult learners report overall positive perceived employment relevant outcomes. This conclusion is drawn from evidence on formal and non-formal programmes targeting those who are unemployed. More research is needed to identify whether similar positive measurable effects would be observed from formal and non-formal programmes that target those who are employed. However, it is clear that employers themselves do not seem to be very convinced that training for their employees is well aligned to their specific needs.

Figure 3.18. Employers' views on aligning training to skill needs

Overlap between skills priorities and training activities



Note: Only refers to enterprises with at least ten employees. Countries are ranked by their average degree of alignment. The degree of alignment is calculated as the overlap between the top three development priorities of firms and the top three training priorities (in terms of training hours). Each firm can score either zero (i.e. no overlap), low (i.e. one development priority is also a training priority), fair (i.e. two development priorities are also training priorities) or full alignment (i.e. complete overlap between development and training priorities).
Source: OECD (2019[6]) *Getting Skills Right: Future Ready Adult Learning Systems*, https://dx.doi.org/10.1787/9789264311756-en.

StatLink https://doi.org/10.1787/888934035892

In Latvia, responsibility for quality control depends on the type of adult learning. For formal adult education, such as programmes provided by tertiary education and VET institutions, there are clear standards in place managed by the State Educational Quality Service. These standards are used for the licencing and accreditation of adult learning providers (Maslo, 2017[31]). For non-formal education, the existence of quality

standards depends on the programme. The State Employment Agency (SEA) monitors the quality of each training provider that offers programmes to unemployed adults. Participants complete an evaluation about their experience and employment status six months after training has taken place. This information is then made available online. The SEA provides unemployed adults with vouchers, which they can then use to choose a training provider of their choice based on the monitoring information (OECD, 2019[53]). The quality of non-formal education programmes that do not specifically focus on unemployed adults are not centrally monitored. Public and private educational institutions have to apply for a license from the municipality inorder to provide non-formal adult education programmes.

Municipalities vary in terms of how the licensing procedure is conducted, including fees, requirements and criteria. Some smaller municipalities, such as Livanu, Rundales or Talsu, do not have regulations for adult education programme licencing, but most do. The regulations typically follow a standard form, as recommended by the Ministry of Environment Protection and Regional Development (VARAM). To obtain a license, an application is submitted with a list of documents, such as the programme curriculum, a description of financial resources, documents about the premises where the programmes will be implemented and its conformity to sanitary requirements, details of adult education staff with CVs and education documents, and a certificate from the criminal record register. Obtaining a license takes up to 30 days and is issued for a period of three years. The license is issued by an appointed Licensing Commission of 3-5 experts, or an alternative collective committee, such as the Education Committee. In many municipalities, obtaining a license is free of charge, but some, including Riga, Daugavpils, Pieriga, charge between EUR 14 and EUR 70. Licenses can be revoked in cases where there are found to be (and there are some variations between municipalities): unqualified pedagogical staff and insufficient financial resources, violations of regulations, evidence that the adult education programme is of low quality, and false information provided in the application. Historically, the licensing of non-formal adult education programmes was at the state level through the State Education Agency, but it was decentralised in an effort to expand provision. The downside has been a proliferation of providers with varying qualities across Latvia. There are also cases of providers operating without a license.

Latvia is currently in the process of considering how to implement quality standards in non-formal adult education. In 2017, as part of the Erasmus+ programme “National Co-ordinators for the Implementation of the European Agenda for Adult Learning”, guidelines on the implementation of quality assurance in adult learning were developed. These guidelines provide specific suggestions of quality indicators that Latvia could consider to assess programme providers. They include: 1) issuance of license; 2) curriculum that addresses needs in the labour market and society at large; 3) clearly defined outcomes in accordance with the Latvian qualification framework; 4) availability of sufficient resources for operation; 5) staff whose experience, education and qualification level corresponds to the adult education programme; 6) leadership of programme provider; 7) internal quality assessment; 8) co-operation with industry regarding programme implementation; 9) granting of a certificate to participants; 10) high evaluation marks by participants after completion; 11) work-based learning; 12) staff coming from industry; and 13) staff working with industry (European Commission, 2017[54]). These guidelines are being further discussed in seminars for non-formal education providers in all four regions in Latvia during 2019. In 2018, in the forum “Adult Learning Today and Tomorrow” there were participants from 78 of the 119 municipalities. A map of adult learning providers has been developed and published online (http://www.muzizglitiba.lv/#map); it is regularly updated in co-operation with municipalities. Since 2017, the Ministry of Education and Science has conducted an annual competition for non-formal adult education with the support of Erasmus+ programme funding and in the context of the EPALE project. The contest aims to raise awareness about the importance of adult education quality. There are about 40 participants in the annual ceremony.

Once Latvia has established quality standards for adult learning, especially for non-formal adult education, it could consider complementary measures to improve the quality of adult learning. A strong accreditation process would be needed to ensure that providers abide by quality standards. In order to ensure quality across municipalities, it may be advantageous to have the accreditation process at the state level.

Accreditation could also be tied to access to public funding, which may further incentivise providers to meet quality standards. Quality labels, granted by a public or private entity, could be introduced to certify the quality of a provider. This allows providers to stand out and signal their quality to potential adult learners, which helps attract them to their programmes. Similarly, quality guidelines could be introduced that explain the quality standards and how to adhere to them. Furthermore, adult providers could be required to conduct self-evaluations, which could include, for example, tracking participant and employer satisfaction with adult education courses. Inspections by an external quality assurance body could also ensure that quality standards are being met. The findings from inspections could be linked to funding, thus giving providers further incentives to provide high-quality adult education programmes. Finally, the most rigorous mechanism for verifying quality is the use of impact evaluations, which could be done by private or public actors. The advantages and disadvantages of each of these measures, as well as relevant country examples, are described in Table 3.9. Relevant examples of quality assurance in Latvia and other countries are featured in Box 3.9.

Table 3.9. Measures to improve quality in adult learning

	Accreditation	Quality labels	Quality guidelines	Self-evaluation	Inspection	Impact evaluation
Description	Ensures quality with minimum standards.	Encourages quality adherence.	Describes in detail the quality standards.	Ensures internal evaluation culture in provider.	External assessment with high stakes.	Uses counter-factual to evaluate impact.
Advantages	Can be tied to public funding access.	Can affect choice of adult learners and thus incentivise providers to provide better quality.	Relatively cheap to provide guidelines.	Can be compulsory and made publicly available. Decentralises administrative burden.	Can be tied to public funding access or reimbursement in case of poor quality.	Considers long-term impact of adult learning.
Disadvantages	Quality could drop after accreditation is given.	Voluntary basis.	Voluntary basis.	May be biased.	Challenging to do frequently.	Takes time and is expensive.
Country examples	Germany (Akkreditierungsstelle, accreditation body).	Austria (ö-cert quality label), Canada (EQA label), Slovak Republic (green quality logo).	Sweden (BRUK).	Slovenia, Portugal (Qualifica Centres), Brazil (eTec).	Norway (SkillsNorway), England (Ofsted), Korea (KSQA).	Germany (Harz reform), Australia (Try, Test, Learn Fund).

Source: OECD (2019[6]), *Getting Skills Right, Future-Ready Adult Learning Systems*, https://doi.org/10.1787/9789264311756-en; Broek S. and B. Buiskool (2013[51]), *Developing the adult learning: Sector quality in the adult learning sector,* https://eurogender.eige.europa.eu/system/files/Quality%20of%20Adult%20Learning%20final.pdf.

Box 3.9. Relevant Examples: Raising the quality of adult learning

Quality assurance in higher education in Latvia

In July 2015, the Academic Information Centre (AIC) became the institution responsible for quality assurance in higher education. This includes accreditation and licensing in accordance with EU standards and regulations. Within AIC, a separate department, known as the Quality Agency for Higher Education (*Augstākās izglītības kvalitātes aģentūra*, AIKA), focusses solely on quality assurance and is currently aiming to align with the European Quality Assurance Register for Higher Education (EQAR) (ENQA, 2019[55]). Aligning with EQAR in this way would be a vital step for promoting the quality, visibility, and international recognition of Latvia's tertiary education system (OECD, 2019[53]).

Quality assurance in Vocational Education Competence Centres (VECCs) in Latvia

Since 2009, larger vocational schools – those with more than 500 students outside of Riga and more than 800 students in Riga – have gradually been transformed into VECCs. These centres act as regional hubs to develop closer links between vocational education and employers, to improve quality, and to provide pedagogical support for other vocational schools. To ensure that VECCs boost the quality of VET they must meet several specific criteria: achieve certain standards in terms of student results, work with the latest technologies, provide career guidance, and create and publish educational and methodological materials for learners and educators online. VECCs are also tasked with providing part-time learning, which is vital for adults wishing to participate in education and training activities while remaining in employment. At the same time, VET schools with fewer than 300 students have been merged with VECCs or, more rarely, combined with general education schools. As a result of these reforms, the number of vocational education schools for which the MoES is responsible dropped from 59 to 21 between 2010 and 2018 (OECD, 2019[53]) (MoES, 2019[56]).

Quality assurance in the State Employment Agency (SEA) in Latvia

The SEA collects and distributes relatively detailed monitoring information for each training provider. After completing a training programme, participants fill in a special evaluation sheet that allows them to describe their experience and report their employment status six months after the training finishes. This information is then made available online and at local SEA branch offices. New voucher recipients are directed towards these information sources. Short-term labour market forecasts are also made available to prospective training participants to help inform their choices. The vouchers consist of a physical document that is collected from the branch offices of the SEA. The voucher itself contains information about the conditions under which it can be redeemed and cancelled, and directly informs the recipient of their responsibilities. Before the introduction of the voucher system in 2011, Latvia experienced several examples of training providers procuring lengthy contracts that were difficult to revise or terminate in response to performance. Consequently, the quality of training from some providers deteriorated throughout the duration of the contract. By placing responsibility for selecting training providers in the hands of voucher recipients, the voucher system sought to make the mechanism for allocating training more transparent.

Source: ENQA (2019[55]), *European Association for Quality Assurance in Higher Education*, https://enqa.eu/; OECD (2019[53]), *Evaluating Latvia's Active Labour Market Policies, Connecting People with Jobs*, https://doi.org/10.1787/6037200a-en; MoES (2019[56]), *Number of VET schools: up-to-date information*.

Quality assurance framework in Ireland

The Further Education and Training Awards Council (FETAC) is the awarding body for non-tertiary further education and training certified at Levels 1 to 6 on the National Framework of Qualifications (NFQ). FETAC has an integrated quality assurance system that covers all levels of adult learning at micro, meso and macro levels. Its main functions are to run award schemes, determine and monitor standards for awards, and recognise awards related to the NFQ; to agree and review providers' quality

assurance arrangements in delivering programmes that lead to these awards; to validate programmes of education and training leading to these awards; and to ensure fair and consistent assessment of learners by providers. FETAC must agree their quality assurance procedures with the National Qualifications Authority Ireland (NQAI), and is subject to quality assurance arrangements, which include regular evaluation by national and international experts and evaluation by learners of their VET programmes and ancillary services. In March 2006, FETAC adopted and published its policies in a document called "Quality Assuring, Assessment, Validation and Monitoring of Programmes", aimed at providers who wish to become recognised by the Council.

Source: Eurydice (2018[57]), *National Qualifications Framework*, https://eacea.ec.europa.eu/national-policies/eurydice/content/national-qualifications-framework-37_de.

Quality adult education label (EduQua) in Switzerland

EduQua defines six criteria that are key to the quality of an adult education institution: 1) the course offer; 2) communication with clients; 3) value performance; 4) staff/educators; 5) learning success; and 6) quality assurance and development. EduQua stimulates quality development through issuing certification, on-site audit, certification report, and yearly intermediate audits, as well as through the renewal of the certification every three years. EduQua is the first Swiss quality label for adult education. It provides certified institutions with a considerable advantage in the eyes of their clients. The quality management also supports an improvement through the certification process. The certification can be advantageous when dealing with the authorities, with an increasing number of cantons requiring the certification for public funding. The Swiss Conference of the Cantonal Educating Directors recommends that the cantons check "the quality of the providers in the education sector in all of Switzerland based on the same criteria and make national subsidies dependent on a proof of quality (EduQua)". EduQua is made up of over 1 000 schools, institutions and academies in the non-formal sector of the adult learning system.

Source: Broek, S. and B. Buiskool (2013[51]), *Developing the Adult Learning Sector*, https://eurogender.eige.europa.eu/system/files/Quality%20of%20Adult%20Learning%20final.pdf.

Recommendation for raising the quality of adult learning

- **Work with relevant stakeholders to define quality standards, particularly in non-formal adult education**, including how they will be measured, how they will be used in evaluation and monitoring, and how adult learning staff will be supported in implementation. Consider transferring responsibility for the licensing of adult learning providers from municipalities to the state to ensure the same quality standards nationwide.

Recommendations for fostering a culture of lifelong learning

Opportunity 1: Raising awareness about adult learning	
Raising the level of motivation among adults.	Co-ordinate awareness raising campaigns about the value of adult learning through a central body that fosters co-operation across ministries and between government and stakeholders.
Improving guidance and counselling.	Make guidance and counselling services financially sustainable. Provide ongoing training for guidance counsellors.
Opportunity 2: Reducing barriers to adult learning	
Providing financial means to reduce the cost of adult learning.	Explore piloting a shared training fund in some sectors that employers contribute to and can draw from.
Encouraging employers to enable participation in adult learning during working hours.	Explore the viability of introducing a mandatory requirement for employers to provide or support participation in adult learning for their employees.
Providing complementary social policies to make adult learning feasible for those with family responsibilities.	Promote collaboration between adult learning providers and municipalities to provide childcare options near to adult learning programmes.

Opportunity 3: Expanding the provision of adult learning	
Expanding the provision of adult learning in VET, especially Vocational Education Competence Centres.	Strengthen the management and pedagogical capacity of the VET schools, in particularly Vocational Education Competence Centres to deal with more adult students.
Expanding provision of adult learning in tertiary education.	Promote a strategic role of tertiary education institutions to engage adult learners.
Opportunity 4: Raising the quality of adult learning	
Raising the quality of adult learning.	Work with relevant stakeholders to define quality criteria, particularly in non-formal adult education.

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Annex 3.A. Governance of adult learning in Latvia

Annex Table 3.A.1. Latvian government responsibilities for adult learning

	Responsibilities
National level	
Ministry of Education and Science (MoES)	Drafts policy planning documents and legislative acts regulating adult learning; supervises the implementation of policies in MoES institutions and agencies subordinate to the MoES, as well as companies where the MoES is a shareholder.
Ministry of Welfare	Implements active labour market policies, including training, to persons exposed to the risk of social exclusion, such as refugees; monitors whether those unemployed are becoming employed.
Ministry of Economics	Carries out labour market analysis, prepares medium-term and long-term labour market forecasts, and provides specific adult learning programmes related to increasing innovation in specific economic sectors.
Other ministries	Collaborate in the provision of training for a particular sector. For example, the Ministry of Health for treatment and care staff, the Ministry of Culture for librarians, and the Ministry of Agriculture for farmers and fishermen.
Local government	
Municipality	According to the Education Law, municipalities are responsible for adult non-formal education provision (Article 17, Paragraph 22). Some have established an adult education institution to provide education services for adults. However, the functioning and capacity of local adult education centres depend on the resources of the municipality.

Annex Table 3.A.2. Latvian government adult learning policies and funding

Name of policy	Description	Number of participants	Funding (EUR)
Ministry of Education and Science			
SO 8.4.1. "To develop professional competencies of employees".	This programme is administered by the State Education Development Agency and provides adults with continuing vocational education, vocational education, vocational training and non-formal education programmes, career counselling services, and validation of professional competences acquired outside the formal education setting. The target groups are employed young people (17-24 year-olds) and employed adults (25+), with a special focus on workers in high social risk groups, including those over 45 and the low skilled.	First Round: 5 565 adults Second Round: 7 208 adults Third Round: tbc	Annual: 4 500 000 Total: 27 034 565 • 22 979 380 (ESF) • 4 055 185 (state)
SO 7.2.1. "Implementing active labour market policy measures to promote the employment of young unemployed persons".	This programme is administered by the State Education Development Agency as part of the Youth Guarantee programme and provides vocational education programmes for young people from 17 to 29 years-old and young people from 15-29 years-old in prison. This programme allows students in vocational secondary education programmes to acquire the second level of professional qualification within one academic year, and to acquire the third level of a professional qualification within half an academic year. The programme also provides career support and monthly stipends to students.	6 500 adults	Annual: 182.66 Total: 36 183 092,69 13 494 586,39 (EU special budget) • 19 285 229,52 (ESF) • 3 403 276,89 (state)

SO 8.5.3. "Effective management of vocational education institutions and development of the vocational competence".	This programme is administered by the National Centre for Education and helps improve the competencies of teachers, trainers, vocational school administration and board members. The training programmes are on topics such as change management, stress management and conflict solving, modern digital tools in the teaching process, professional seminars specific for each industry, and the improvement of pedagogical competence to implement work-based learning. Teachers may also participate in internship opportunities.	3 500 adults	Total: 6 086 507
Ministry of Welfare			
Measures to increase competitiveness (basic competencies)	Promote the competitiveness of those unemployed, jobseekers and people at risk of unemployment in the labour market.		
SO 7.1.1. and 7.2.1. for "Employment and labour mobility". (SO 7.2.1. – Youth Guarantee programme, includes a variety of training and job offers for NEETs, but also training opportunities for young registered unemployed. Is administered by the Ministry of Welfare in close co-operation with the Ministry of Education and Science. Activities are being implemented by the State Employment Agency and the State Education Development Agency.	Training programmes within these SO are administered by the State Employment Agency and provide registered unemployed and job seekers with vocational education, upskilling and non-formal education opportunities. Adults and young people can participate in this through a training voucher and may also receive monthly allowance and mobility support (if a training place is located far away from a declared living place). Training can also be provided at the employer's request (for rare professions) and on-the job training is offered to unemployed.	2017: SO 7.1.1. 42 514 participants; SO 7.2.1. (only training programmes) 8 252 participants. Together 50 766 participants	Total: SO 7.1.1. 13 528 549; SO 7.2.1. 5 656 180 (indicative funding only for training programmes). Together 19 184 728 € • 16 307 020 € (ESF) • 2 877 708 € (state)
Ministry of Economy			
1.2.2.1. "Technology training" and 1.2.2.3. "Non-technology training and training to attract investors".	This programme aims to promote the training of employees in order to facilitate innovation adoption into the operation of businesses for the manufacturing industry, ICT industry, tourism industry (action no. 1.2.2.1.), as well as support ICT skills development for ICT industry, non-technological innovations and training to attract investors (action no. 1.2.2.3.). The target groups are employees from SMEs, large enterprises and those who are self-employed.	26 538 non-unique persons (for both program)	1.2.2.1. First call 9 000 000 (ERDF) 1.2.2.1. Second call 9 000 000 (ERDF) 1.2.2.3. 6 908 242 (ERDF)

Annex Table 3.A.3. Major laws on adult learning

	Description
Education Law	Stipulates that every inhabitant of Latvia shall have the opportunity to develop his or her mental and physical potential to form an independent personality that can be a member of a democratic Latvian state and society. Adult education may be financed from: 1) state and local government budgets; 2) employer funds; 3) student funds; 4) donations and gifts; and 5) other funds. The national government financially supports, and the municipality may support, in accordance with the procedures and according to the criteria set by it, adult education by financing adult non-formal education programmes as well as supporting employers in the supplementary education of employees. The regulation shall be in force until 2023.
Labour Law	An employee who studies at an educational institution of any type without work interruption, in accordance with a collective agreement or an employment contract, shall have a granted study leave with or without retention of work remuneration. The employer has to grant education or training leave if the related regulations are defined in the employment or collective agreement, but it is not obligatory for the employer to include this issue in the agreement. However, Labour Law stipulations regarding leave because of final examinations is binding for all employers, regardless of the conditions of the employment or collective agreement.
Cabinet of Ministers Regulation No. 75	Regulations regarding the procedures for organising and financing active employment measures and preventative measures for unemployment reduction, and principles for selecting implementers of measures, prescribe: the procedures for organising and financing active employment measures and preventive measures for unemployment reduction, as well as the principles for the selection of implementers of these measures; the procedures by which workplaces for persons with a disability shall be established (adapted); the procedures and criteria for determining appropriate employment.

Vocational Education Law	Implement the state vocational education policy and the operation, management and development of the vocational education system: ensure the possibility to obtain general knowledge and skills, as well as a vocational qualification; determine the levels of vocational education, levels of vocational qualifications and education necessary for the acquisition of a relevant vocational qualification; determine the competence of the persons involved in vocational education and the awarding of vocational qualifications; and provide comparability of the vocational education and vocational qualifications of Latvia with the vocational education and vocational qualifications obtainable in foreign states, providing the possibility for students to continue education in foreign states and compete in the international labour market.
Law on Institutions of Higher Education	Law applies to all existing institutions of higher education and colleges in Latvia, irrespective of the procedures for the founding and financing, or of specialisation. Regulates the legal grounds for the activities of institutions of higher education and colleges and determines and protects the autonomy of institutions of higher education; regulates the co-operation of institutions of higher education and state authorities.

Annex Table 3.A.4. Governance bodies for adult learning

	Description
Adult Education Governance Board	Members of the board include: ministries (MoES, MoW, MoE); social partners; municipalities and organisations involved in adult education; the Cross Sectoral Co-ordination Centre; the Latvian Chamber of Commerce and Industry; the Free Trade Union Confederation of Latvia; the Latvian Association of Local and Regional Governments; Association, Planning Regions. The goals are to confirm the quality criteria for adult education, evaluate and analyse the quality of programmes, and decide on priority target groups and priority areas. The board uses labour market situation information and sectoral expert councils to provide reviews and approve priorities for adult education, and ensures the regular assessment of adult education results.
Sectoral Expert Councils	Promote co-operation with other sectors, including long-term forecasting of sector development and ensuring alignment between education and labour market demand and supply. Participate in the development of occupational standards, education programmes (e.g. modular programmes) and quality assessment procedures.
National Tripartite Co-operation Council	Made up of representatives appointed by the government, the Employers' Confederation and the Free Trade Union Confederation of Latvia. Co-ordinates the trilateral social dialogue among these organisations. There are eight sub-councils, including the Tripartite Sub-council for Co-operation in Vocational Education (PINTSA – see below).
Council of Three Ministers on Employment	Composed of the ministers of economy, education and science, and welfare, this council discusses the changes needed to improve the quality of education. Agrees upon the development of a lifelong learning system, effective, modern and high-quality general education, increasing the number of students in science, technology, engineering and mathematics (STEM) sectors, the involvement of employers in the development and provision of education, the improvement of young people's skills and employment, and the workforce for over 50 years.
Vocational Education and Employment Tripartite Co-operation Council (PINTSA)	Consists of representatives of the Professional Education and Labour Organization (NTSP) and the Latvian Free Trade Union Confederation (LBAS). It promotes co-operation between the state, employers and workers' organisations (trade unions) in the development and implementation of national policies and strategies for vocational education and employment. PINTSA's activities are guaranteed by the Ministry of Education and Science from the funds allocated for this purpose in the state budget.
Youth Guarantee Advisory Board	Composed of representatives of sectoral ministries and experts from the non-governmental sector. The main tasks are to evaluate the situation regarding youth employment and unemployment reduction. It publishes reports on youth policy and the annual implementation of the Youth Guarantee programme. It promotes interdepartmental co-operation and informs the public, especially young people, about the latest news on Youth Guarantee programme implementation.
EU Structural Funds Monitoring Committee	Established to ensure effective monitoring of the implementation of EU funds in line with the priorities and objectives set out in the operational programmes. Led by the head of the leading institution and includes representatives from the managing institution, responsible institutions, co-operation institutions, paying institutions, audit institutions, certification institutions, as well as social, non-governmental and regional partners. Two sub-committees have been set up for the monitoring committee - the Sub-Committee on Operational Programs co-financed by the ERAF and the KF, and the Sub-Committee on the Operational Program co-financed by the ESF.
Unemployed Training Commission	Vocational training and non-formal training programmes are also organised by the PES in co-operation with educational institutions and employers only for registered unemployed and job-seekers. Since 2011, all the training programmes are implemented by applying a method of training vouchers. Training fields and educational programmes are organised in accordance with the labour market demand and national economic development forecasts and agreed with economic and social partners and experts at Training Commission for defining the training fields and approving the training programmes. The Training Commission adopts a specific structure to facilitate co-ordination in order to combine the short- and long-term forecasts. The MoE first presents the long-term forecasts. The SEA then presents the implementation results of ongoing training measures as well as the results of the short-term forecasts. All members of the Training Commission then review the full list of fields of study to determine which should be retained, which should be suspended, and whether any types of training should be added.

4 Reducing skills imbalances in the labour market

Reducing skills imbalances in the labour market could lower hiring costs, increase productivity, and improve the ability of firms to innovate and adopt new technologies. This chapter assesses skills imbalances in Latvia and presents three opportunities to reduce skills imbalances: 1) strengthening the responsiveness of the tertiary education system to changing skills demand; 2) retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions; and 3) facilitating internal mobility and attracting skilled workers from abroad.

Introduction: The importance of reducing skills imbalances in the labour market

A skills imbalance is a misalignment between the demand and supply of skills in an economy, and can involve skills shortages and skills mismatches. Skills shortages refer to a disequilibrium condition in which the demand for a specific type of skill exceeds its supply in the labour market at the prevailing market wage rate. In the opposite scenario, skill surpluses arise when the supply of a specific type of skill exceeds its demand in the labour market. Skills mismatch describes situations where the skills of workers exceed (over-skilling) or fall short (under-skilling) of those required for the job under current market conditions (Shah and Burke, 2005[1]; OECD, 2017[2]). Mismatch can be measured along different dimensions, including skills, qualifications and field of study.

Skills imbalances imply costs for individuals, firms and the economy as a whole. Firms experiencing skills shortages may be constrained in their ability to innovate and adopt new technologies, thus reducing their productivity. While over-qualification can sometimes have a positive effect on firm productivity in certain working environments, such as firms in high-tech or knowledge intensive industries (see Mahy et al. (2015[3])), it is often found to negatively influence firm productivity (Tsang, 1987[4]). The effect of under-qualification on firm productivity is also generally found to be negative. Skills mismatch has negative impacts for individuals, including a higher risk of unemployment, lower wages and lower job satisfaction. OECD evidence suggests that higher skills mismatch is associated with lower labour productivity through a misallocation of workers to jobs (Adalet McGowan and Andrews, 2015[5]).

As the skills needed in the labour market continue to undergo changes due to globalisation, digitalisation and demographic change, reducing skills imbalances remains a pressing policy priority. In Latvia, the emigration of highly educated workers is a significant challenge and has contributed to skills shortages. Most employers report that skills shortages are a major obstacle to long-term investment decisions (EIB, 2017[6]). These shortages appear particularly acute in science, technology, engineering and mathematics (STEM). The share of Latvian workers who are under-skilled for their jobs is high by international standards, and 18% of workers are under-qualified (compared to 12% who are over-qualified). Depopulation may push employers to hire workers who do not have the skills or qualifications necessary for the job because they cannot find workers who do. Addressing skills imbalances has been a key challenge for Latvia in recent years, and has been highlighted in several national policy planning documents (Latvia2030, NDP2020, Guidelines on National Industrial Policy for 2014-2010; see Annex Table 1.B.1 in Chapter 1).

This chapter provides an overview of the key players involved in addressing skills imbalances, as well as a snapshot of Latvia's current performance regarding skills shortages and mismatch. It discusses three opportunities to reduce skills imbalances: 1) strengthening the responsiveness of the tertiary education system to changing skills demand; 2) retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions; and 3) facilitating internal mobility and attracting skilled workers from abroad.

Latvia's efforts in reducing skills imbalances: overview and recent performance

Overview of the key players involved in addressing skills imbalances

Addressing skills imbalances involves a multi-pronged approach that requires the involvement of a wide range of stakeholders across levels of government and policy domains. The overall governance of Latvia's skills system is discussed in more detail in Chapter 5, but it is worth noting here the key players involved in addressing skills imbalances in Latvia. The State Employment Agency (SEA) matches jobseekers with jobs and provides them with training opportunities. In education policy, sectoral expert councils (SEC), composed of representatives of employer organisations and trade unions, foster responsiveness between the vocational education and training (VET) curriculum and labour market demand. The State Education

Development Agency provides career guidance services in general and VET schools, helping to inform students about which skills are in demand. Various stakeholders, including the Ministry of Education and Science, the State Education Development Agency, the Ministry of Welfare, the Ministry of Economics, social partners and municipalities, are responsible for the system of adult learning, which is an important element in bringing skills supply in line with skills demand (more details in Chapter 3). Finally, the Office of Citizenship and Migration Affairs is responsible for the implementation of migration policy, which can help to address skills shortages by attracting skilled workers from abroad.

Overview of Latvia's performance

Latvia's labour market has tightened in recent years, and job vacancies now exceed the number of jobseekers. High emigration and population ageing have contributed to rising labour and skills shortages. Skills shortages are concentrated in urban areas, particularly the Riga region where 80% of all job vacancies are located. While shortages are currently evident in high-skilled/cognitive occupations, by 2025 shortages are projected to be most severe in occupations that require a vocational secondary education, including those in engineering and manufacturing, and the construction and processing sectors. Shortages are also projected in certain occupations that require a tertiary level education, particularly those in STEM and health and social welfare. Compared to other OECD countries, the share of workers in Latvia who are under-skilled for their jobs is high, and more workers are under-qualified than over-qualified. Low job quality in terms of wages and working conditions creates incentives for skilled workers to seek opportunities abroad.

Skills shortages in Latvia

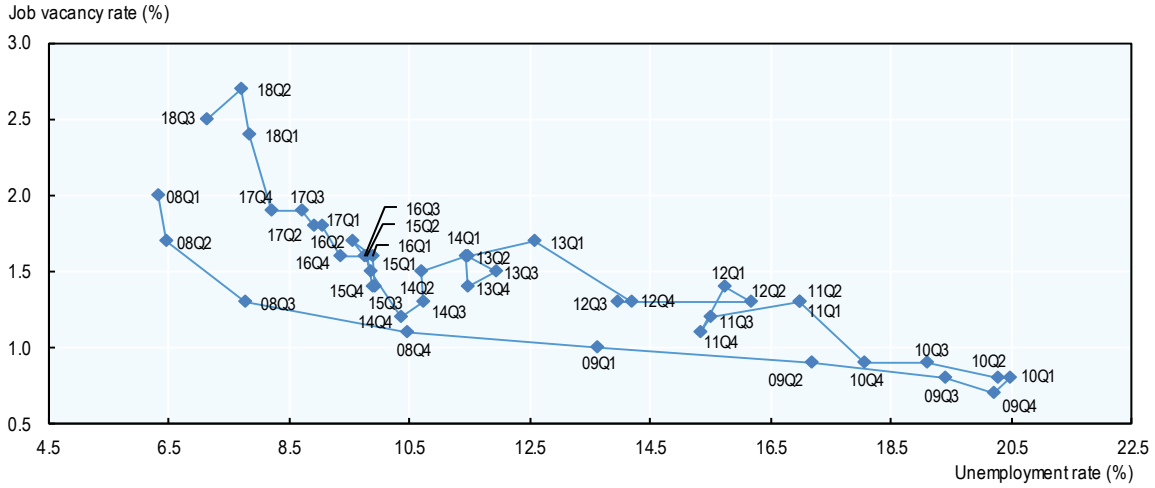
Latvia's economy has been in recovery following a severe recession during which the unemployment rate reached 19.5% of the total labour force in 2010. In 2018, the unemployment rate was 7.4%, which is an improvement, but still higher than before the financial crisis (6.1% in 2007) and above the EU and OECD averages (6.8% and 5.3%, respectively). The Beveridge curve, which describes the relationship between the unemployment rate and the job vacancy rate, has shifted outwards since 2008 (Figure 4.1). This outward shift – caused by the job vacancy rate rising above pre-crisis levels while the unemployment rate has not yet returned to pre-crisis levels – could point to a misalignment between the characteristics of jobseekers and those that employers seek. According to the Ministry of Economics, the outward shift is mainly explained by regional differences in the Latvian labour market and low internal labour mobility (Ministry of Economics, 2018[7]).

Global trends such as technological change and globalisation contribute to skills shortages by transforming the demand and supply of skills. Technological change raises demand for knowledge and skills that complement new technologies, while at the same time reducing demand for human labour to perform routine tasks, as these tasks can be easily codified and therefore performed more cheaply by machines and computers. Globalisation is also having a profound impact on the skills needed in the labour market, as greater integration in global value chains contributes to growing demand for the skills needed to specialise in high-tech manufacturing industries and complex business services. In Latvia, the share of business sector jobs sustained by consumers in foreign markets (a measure of global value chain integration) increased from 35% in 2004 to 43% in 2014, suggesting that Latvia is affected by this trend.

In addition to globalisation and technological change, demographic factors are key to explaining current skills shortages in Latvia. Over the past 20 years the population has fallen by 20% due to population ageing and high levels of emigration (OECD, 2016[8]; Ministry of Economics, 2018[7]). The Ministry of Economics forecasts that the population will continue to decline in the medium and long term, with the working-age population declining faster than the total population (Ministry of Economics, 2018[7]). This declining working-age population contributes to both labour shortages and skills shortages in Latvia, as emigrants, especially the most recent, are more highly educated on average than the resident population (OECD,

2013[9]; Hazans, 2017[10]). Latvia has one of the highest rates of emigration in Europe (Figure 4.2, Panel A), and brain drain is also high (Figure 4.3). In 2015/2016, some 11% of Latvian-born people age 15 and older with tertiary level education lived outside of Latvia (OECD, n.d.[11]). Emigration flows have been in decline since their peak in 2010, and have nearly returned to pre-crisis levels: 1% of the working-age population emigrated in 2018, compared with 0.8% in 2007 (Figure 4.2, Panel B).

Figure 4.1. Beveridge curve for Latvia, Q1 2008 to Q3 2018



Source: OECD (2019[12]), *Short-Term Labour Market Statistics, Harmonised Unemployment Rates (HURs)*, https://stats.oecd.org/index.aspx?queryid=36324; Eurostat (2019[13]), Job Vacancy Statistics by NACE Rev. 2 Activity, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=jvs_q_nace2&lang=en/.

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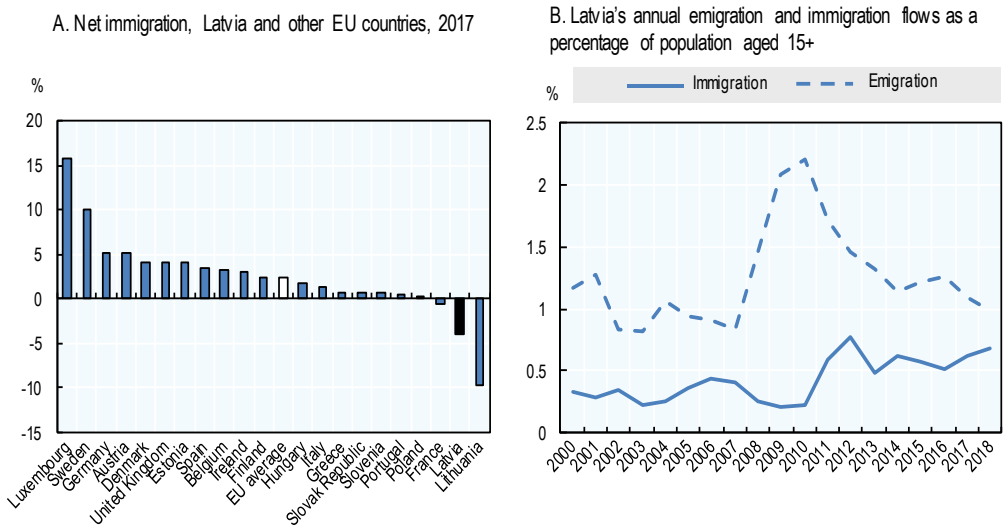
Figure 4.2. Net migration in Latvia

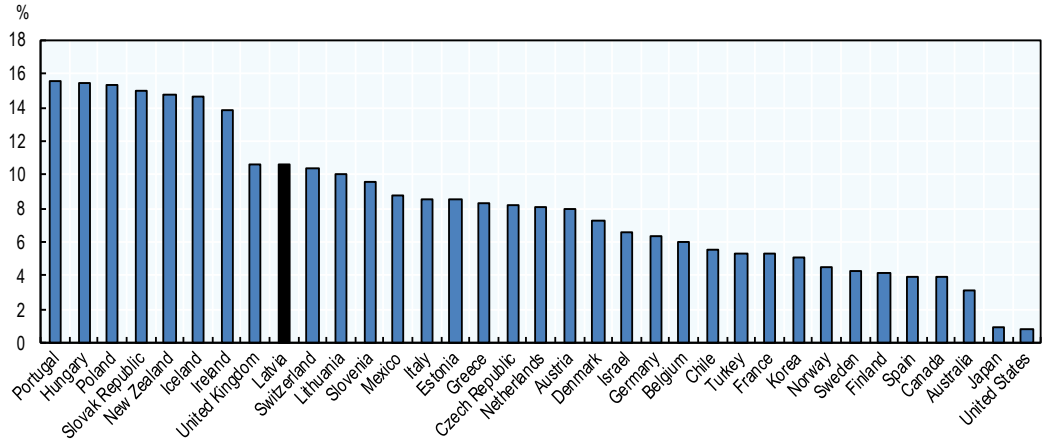


Source: OECD (2019[14]), *International Migration Database* (database), https://stats.oecd.org/Index.aspx?DataSetCode=MIG#; OECD (2019[15]); Central Statistical Bureau of Latvia (2019), https://data1.csb.gov.lv/pxweb/en/iedz/iedz__migr/IBG010.px.

StatLink https://doi.org/10.1787/888934035930

Figure 4.3. Brain drain in Latvia and other OECD countries

Share of the tertiary educated population living outside of Latvia, 2015-2016



Note: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
Source: OECD (n.d.[11]), *Database on Immigrants in OECD and non-OECD countries: DIOC*, https://www.oecd.org/els/mig/dioc.htm.

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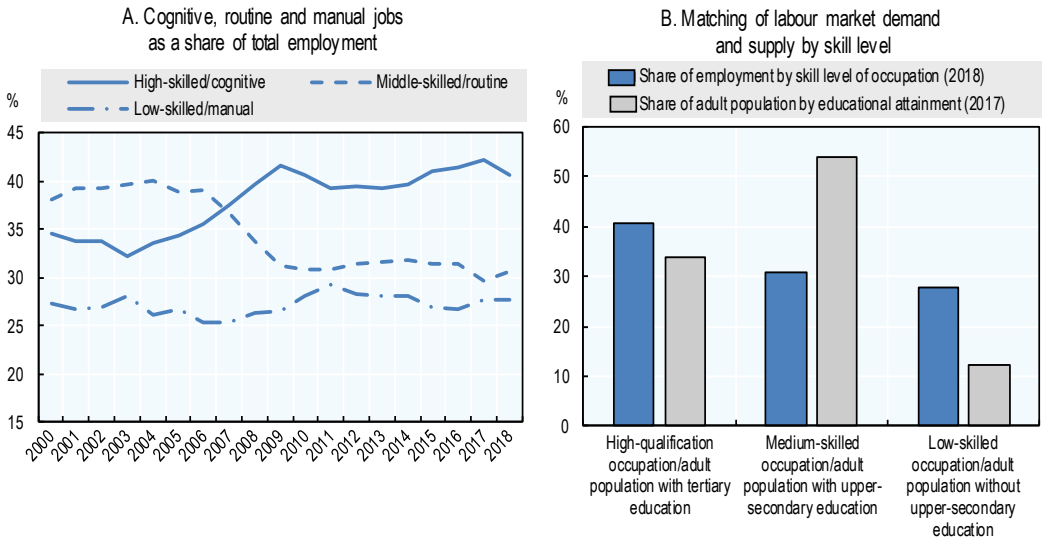
Skills shortages have increased in recent years in Latvia. One indicator of skills shortages is the job vacancy to unemployment ratio, which has risen between 2009 and 2018 (Hazans, 2017[10]). In addition, according to an EU-wide survey of firms, 76% of employers in Latvia reported that trouble finding staff with the right skills was a major obstacle to long-term investment decisions in 2017 (much higher than 47% on average across countries for which data are available) (EIB, 2017[6]). This represents an increase since 2016 (66%). Firms in the services sector were most likely to report skills shortages as a major obstacle to investment (90%), followed by construction (86%) and manufacturing (77%).

Latvia currently supports more high-skilled jobs than medium- or low-skilled jobs (Figure 4.4). About 40% of employment is in high-skilled/cognitive occupations (managers, professionals, technicians and associate professionals), while 31% and 28% of employment is in medium-skilled/routine and low-skilled/manual occupations, respectively (Figure 4.4). On the whole, there appears to be a shortfall of workers with a tertiary education to fill high-skilled jobs (Figure 4.4, Panel B). This assessment is consistent with research commissioned by the State Employment Agency (RAIT Custom Research Baltic, 2019[16]), which found that employers most frequently report the lack of qualified specialists as the primary reason for not filling long-term vacancies, and that such shortages are most severe in cognitive occupations (managers, senior specialists, and professionals). According to analysis from the European Centre for the Development of Vocational Training (Cedefop), Latvia faces shortages in several high-skilled occupations, including engineers, ICT professionals, health professionals, top managers, and business and administration professionals. This analysis also finds that Latvia faces short-term shortages in low-skilled agricultural occupations, though demand for agricultural jobs is declining, and shortages are mostly due to replacement demand as the labour force ages. Surpluses are observed in building frame and related trades workers, personal service workers, sales workers, protective services workers, and secretaries and clerks (Cedefop, 2016[17]).

Although policy efforts to make vocational pathways more attractive have increased the proportion of young people continuing their vocational education, forecasts by the Ministry of Economics (Ministry of Economics, 2018[7]) suggest that by 2025, skills shortages will be largest among medium-skilled

occupations requiring a vocational secondary education (Figure 4.5, Panel A). There will be shortages in practically all fields, but especially in engineering, manufacturing, and construction (Ministry of Economics (2018[7]), data not shown). The 2018 forecasts project shortages of 31 000 workers, which is lower than the 2016 forecasts of 41 000 workers, thanks to recent reforms Latvia has made to improve the VET system and make it more attractive (see Chapter 2 for details).

Figure 4.4. Current labour force demand and supply in Latvia



Note: Panel A: Cognitive occupations are those in the International Standard Classification of Occupations (ISCO) groups 1 to 3 (i.e. managers, professionals, technicians and associate professionals). Routine occupations are those in ISCO groups 4, 6, 7, 8 (i.e. clerical support workers, skilled agricultural, forestry and fishery workers, craft and related trades workers, plant and machine operators, and assemblers). Manual jobs are those in ISCO groups 5 and 9 (i.e. service and sales workers, and elementary occupations).
Source: Central Statistical Bureau of Latvia, (2019[18]), *Employed by occupation and sex*, https://data1.csb.gov.lv/pxweb/en/sociala/sociala__nodarb__nodarb__ikgad/NBG100.px.

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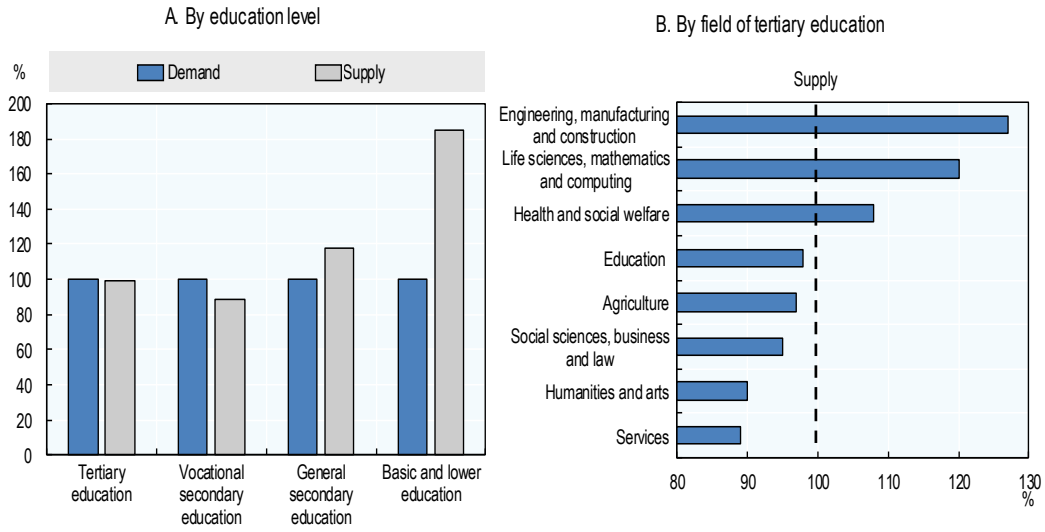
Figure 4.5. Forecasts of labour force demand relative to supply in 2025, Latvia



Source: Ministry of Economics (2018[7]), *Medium and Long-term Labour Market Forecasts*, www.em.gov.lv/files/tautsaimniecibas_attistiba/dsp/EMZino_06072018_full.pdf.

StatLink https://doi.org/10.1787/888934035987

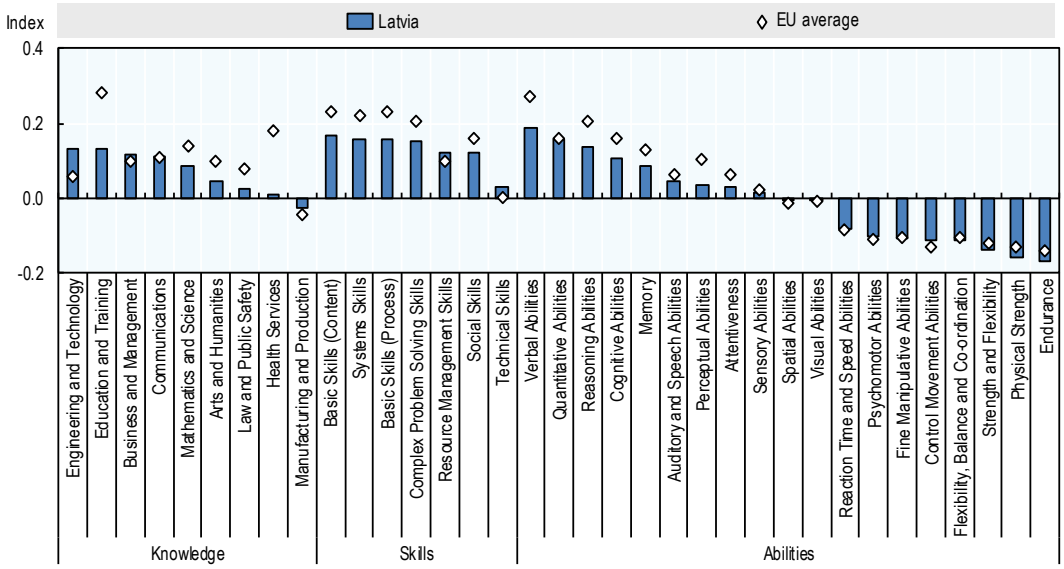
Based on forecasts from the Ministry of Economics regarding labour market imbalances, demand for workers with a tertiary education is expected to be in balance with supply by 2025 (Figure 4.5, Panel A); although shortages could arise in certain high-skilled occupations, such as those in engineering, manufacturing and construction; life sciences, mathematics and computing; as well as health and social care professionals (Figure 4.5, Panel B). By 2025 it is expected that there will be surpluses among graduates trained in the services, humanities and arts, social sciences, business and law. Even though the share of STEM graduates among total graduates increased from 13% to 20% between 2008 and 2017, the education system is still not producing enough STEM graduates to fill expected job vacancies.

Low-skilled adults with only a primary education or a general secondary education will face large surpluses in the coming years, according to forecasts from the Ministry of Economics (Figure 4.5, Panel A), particularly those working in services and elementary occupations. Currently 9% of the working-age population are only educated to primary education level or have not finished primary education, and this share is not expected to decline (Ministry of Economics, 2018[7]).

The OECD Skills for Jobs database provides an international comparison of shortages and surpluses in specific skills. Figure 4.6 shows the most recent indicators for Latvia, which suggest significant shortages of many types of skills. Skills shortages are evident in the knowledge of engineering and technology, mathematics and engineering, education and training, business and management, communications, and mathematics and sciences. There are also shortages in transversal skills such as verbal abilities, systems skills, quantitative abilities and complex problem solving. Relative to other EU countries, shortages are more pronounced in the knowledge of engineering and technology, and much less severe in health services and education and training. The largest surpluses are for skills in production and processing and building and construction, as well as manual and physical abilities (e.g. endurance, physical strength, flexibility, balance and co-ordination).

Figure 4.6. Skills shortage and surplus, Latvia and EU, 2015

Skills needs indicator



Note: Positive values indicate shortages while negative values indicate surpluses. An indicator value of +1 represents the maximum value across countries in the database, while a value of -1 represents the lowest value.
Source: OECD (2018[19]), *Skills for Jobs* (database), www.oecdskillsforjobsdatabase.org.

StatLink https://doi.org/10.1787/888934036006

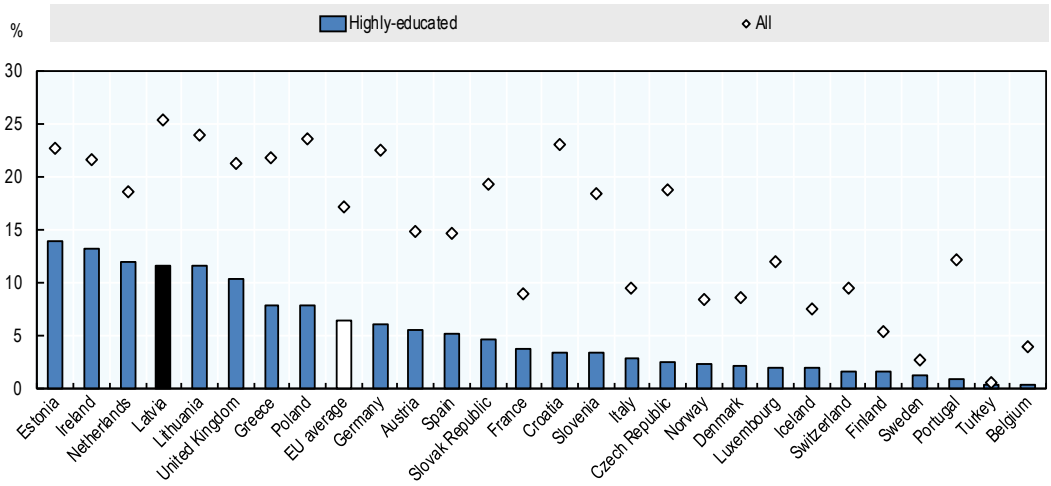
Rising demand for labour during the economic recovery has not been evenly shared across the country. New jobs are generated primarily in the most economically active regions of the country, including the Riga and Pieriga regions, while the largest number of jobseekers are located in less economically active regions, such as Latgale and Zemgale. The registered unemployment rate in the Latgale region is almost four times higher than in the Riga region, where 80% of all job vacancies are located (OECD, 2019[20]; Ministry of Economics, 2018[7]). Such extreme differences in labour market conditions across regions are indicative of barriers to internal labour mobility, which prevent the free movement of labour and skills to the regions where they are most needed.

While the share of unemployed adults who have been looking for a job for a year or longer (the long-term unemployed) has declined over the recovery from 55% in 2011 to 39% in 2017, it is still high (the OECD average was 31% in 2017). Elevated long-term unemployment has contributed to a high share of discouraged workers (inactive persons of working age who no longer seek work because they believe they will not find any). The number of discouraged workers in Latvia has declined since 2010, but remained at 4% of the non-employed working-age population in 2017, which is higher than all OECD countries except for Portugal and Italy (OECD, 2019[20]). The risk of long-term unemployment is particularly high for some vulnerable groups, such as older men, low-educated adults and those living in rural regions (OECD, 2019[20]).

Low wages for tertiary educated employees create strong incentives for emigration, as skilled workers can reap a higher return for their skills investment by leaving the country. Latvia has the highest share of low-wage employment (defined as two-thirds of the median gross hourly earnings) among EU countries (Figure 4.7). Employees without a tertiary degree have a higher risk of being in low-wage employment. However, even among employees with a tertiary degree, 12% earned low wages in 2014, compared with only 6% for the EU average, and only lower than Estonia, Ireland and the Netherlands. Low wages have historically been a source of competitive advantage, and Latvia's recovery from the global financial crisis took place largely on the back of low labour costs and low-technology manufacturing sectors (Ministry of Economics, 2013[21]).

Figure 4.7. Low-wage earners as a proportion of all employees, Latvia and EU countries, 2014

Share of employees



Note: Includes employees in firms with 10 employees or more. Highly educated employees are those with a tertiary education (levels 5-8).
Source: Eurostat (2017[22]), *Low-wage earners as a proportion of all employees (excluding apprentices) by educational attainment level* [earn_ses_pub1i), https://ec.europa.eu/eurostat/web/products-datasets/product?code=earn_ses_pub1i.

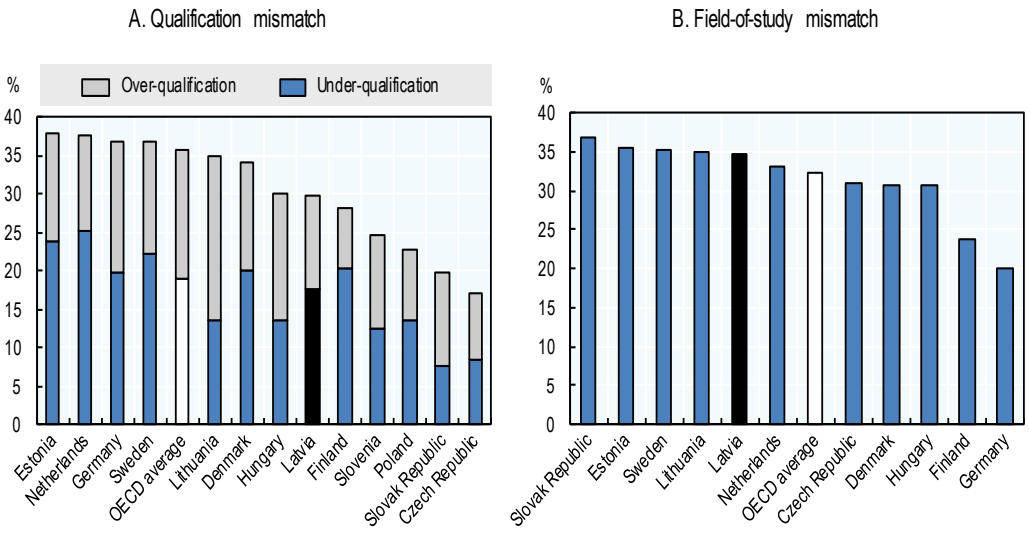
StatLink https://doi.org/10.1787/888934036025

Mismatch by qualifications and skills

Compared to other OECD countries, the share of workers in Latvia who are under-skilled for their jobs is high, and more workers are under-qualified than over-qualified. At 12%, Latvia's over-qualification rate in 2016 fell among the lowest third of OECD countries (Figure 4.8). Under-qualification is somewhat higher at 18%, however it still falls among the lowest half of OECD countries. About 35% of Latvian workers are in a field that is different to the one in which they studied (Figure 4.8), which is slightly above the OECD average (32%). Generally, field-of-study mismatch is only associated with wage penalties if combined with over-qualification (Montt, 2015[23]), which is low in Latvia. In terms of having the skills necessary for their job, more Latvians report being over-skilled than under-skilled (Figure 4.8). About 21% of adult employees report being over-skilled for their job, while 10% report being under-skilled, according to Cedefop's Skills Panorama (Cedefop, 2019[24]). By international comparison, however, this rate of under-skilling is high, and is only higher in Estonia (15%) and Lithuania (12%). High emigration and population ageing may push employers to hire workers who do not have the skills or qualifications necessary for the job, because they cannot find workers who do.

Figure 4.8. Qualification and field-of-study mismatch, Latvia and selected OECD countries, 2016

Share of mismatched workers



Note: Most recent year available for each country. Data for Latvia are for 2016. Field-of-study mismatch is calculated for all countries at the 2-digit ISCO level.
Source: OECD (2018[19]), *Skills for Jobs* (database), www.oecdskillsforjobsdatabase.org.

StatLink https://doi.org/10.1787/888934036044

Opportunities to improve Latvia's performance

Addressing skills imbalances involves a multi-pronged approach that includes creating responsive education and training systems, providing effective career guidance, supporting lifelong learning, attracting skilled workers from abroad, retaining talent by promoting job quality and good wages, and developing labour market institutions and policies that support labour mobility and flexibility (OECD, 2019[25]). Based on survey responses from stakeholders, and taking into account the fact that some opportunities for reducing skills imbalances have already been covered in other chapters, the following three opportunities were prioritised for Latvia:

1. Strengthening the responsiveness of the tertiary education system to changing skills demand.
2. Retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions for high-demand occupations.
3. Facilitating internal mobility and attracting skilled workers from abroad.

Opportunity 1: Strengthening the responsiveness of the tertiary education system to changing skills demand

As noted above, Latvia's tertiary education system does not produce sufficient graduates in STEM fields and health and social welfare, while it produces a surplus of graduates in the humanities, social sciences and the arts (Figure 4.5, Panel B). There are currently fewer STEM specialists being trained than the labour market will require in coming years, although the situation has improved with the proportion of STEM among total graduates increasing from 13% to 20% between 2008 and 2017. Demand for vocational graduates is projected to outstrip supply by 2025 (Ministry of Economics, 2018[7]). For stakeholders participating in the pre-workshop survey carried out as part of this report, the need to make curricula in tertiary education more flexible and adaptable was the top priority in reducing skills imbalances.

Latvia has taken steps to improve the labour market relevance of tertiary education through financial incentives for students and funding mechanisms for institutions. For students, a loan and grant scheme was put in place to incentivise careers in nursing, given persistent shortages in this sector. Students may access loans to study nursing, which they do not have to repay if they work in the field for three years after graduation. The government allocates state budget funded study places to higher education institutions for licensed and accredited study programmes according to a set of criteria developed by the Ministry of Education and Science. These include a measure of the labour market relevance of the study programmes offered (based on supply and demand forecasts from the Ministry of Economics), and whether STEM study programmes are prioritised (to support the government's goal to raise the current share of total graduates in STEM fields from 20% in 2017 to 27% of total graduates by 2020). Institutions are also rewarded with bonus funding if graduates of teacher training programmes are employed as teachers after graduation. In 2017, 418 of the 473 graduates from teacher training programmes started or continued work as teachers in education institutions. This practice is similar to the more general one employed in Finland, where education institutions receive bonus funding if a graduate goes to work in a profession for which they studied in that institution (OECD, 2017[26]).

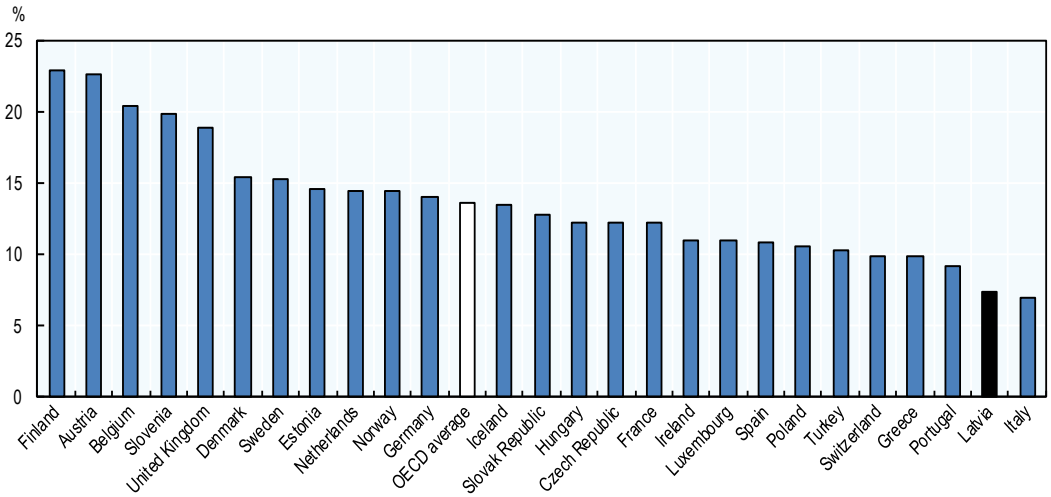
There is room for improvement in aligning tertiary education to changing skill needs. Latvia has already taken steps to steer education investments towards in-demand skills through financial incentives and funding mechanisms. Better collaboration between tertiary education institutions and employers is needed, as well as efforts to extend work-based learning opportunities to tertiary education, and to raise awareness about the importance of career guidance among university management.

Fostering collaboration between tertiary education institutions and industry

Fostering collaboration between tertiary education institutions and industry is needed so that students graduate with skills that are relevant to the labour market. During workshops, stakeholders noted that there are insufficient linkages between tertiary education institutions and industry professionals. This is confirmed by evidence from the Community Innovation Survey, which finds that only 7% of employers co-operate with the tertiary education sector in Latvia, among the lowest share of co-operation across surveyed countries (Figure 4.9). Recent OECD work identifies various forms of partnerships that education institutions can establish with industry (OECD, 2018[27]). These partnerships range from formal or mandated roles for social partners in the governance of education institutions (as in Norway, Box 4.1), to less formal involvement, including providing labour market intelligence, supporting programme accreditation, or working with academic staff in the design and review of curricula to ensure they meet labour market needs (as in Australia and Estonia, Box 4.1). Latvia is one of the few OECD countries where social partners are not included in the internal governance boards of tertiary education institutions

(OECD, 2019[28]; Borowiecki and Paunov, 2018[29]). Expanding work-based learning into tertiary education and encouraging staff mobility between tertiary institutions and social partners can also enhance the labour market relevance of education programmes.

Figure 4.9. Share of enterprises co-operating with the tertiary education sector or research institutes, 2014



Source: Eurostat (2014[30]), *Community Innovation Survey (CIS)*, http://ec.europa.eu/eurostat/web/microdata/community-innovation-survey

StatLink https://doi.org/10.1787/888934036063

Latvia's efforts to encourage collaboration between tertiary education institutions and industry have so far focused on quality assurance. Since 1995, employer representatives have been involved in quality assurance panels that are responsible for evaluating the quality of study programmes, partially on the basis of labour market relevance. Panel members conduct interviews with students, graduates and employers, and analyse data provided by the institution on graduate labour market outcomes. The inclusion of labour market related criteria in external assessment procedures is believed to motivate tertiary education institutions to better align learning outcomes with labour market demands.

During workshops, stakeholders expressed that employers could be more involved in curriculum development in tertiary education, possibly via the SECs. This would be similar to how industry reference committees develop and review training packages in vocational education programmes in Australia (Box 4.1). However, SECs already face capacity and financial constraints in their existing responsibilities to participate in the development of occupational standards, which set out what someone needs to do and know in a particular occupational area or role, and often form the basis of vocational qualifications. Legislation from 2016 requires that all occupational standards are updated once every five years, however, the process for updating occupational standards in tertiary education is complicated and costly, and this requirement is not being met. Council members often lack the technical expertise and knowledge to translate skills needs into occupational standards, and could benefit from additional support. Some countries have established agencies responsible for co-ordinating and supporting the activities of sectoral councils. For instance, Portugal's National Agency for Qualification and Vocational Education and Training provides financial resources to pay for the participation of experts in updating VET qualifications, and helps with the administration of sectoral councils (Box 4.1).

Box 4.1. Relevant examples: Fostering collaboration between tertiary education institutions and industry

Employer involvement in tertiary education governance in Norway

In Norway, social partners participate as external members in the governing boards of domestic tertiary education institutions. The Universities and University Colleges Act stipulates that 4 out of 11 seats on each tertiary education governance board must be taken up by an external member (including industry representatives). In this way, social partners with close links to the labour market are able to contribute to decision-making processes related to the institution's strategy for education, research or other engagement activities.

Sector skills councils in Estonia

Estonia's sector skills councils are administrative bodies that operate out of the Estonian Qualifications Authority, and consist of employer representatives, employers, and sectoral associations. Financed by the national government, the primary role of sector skills councils is to develop and implement the occupational qualifications standards in their sector. Sector skills councils may engage with the Estonian Qualifications Authority, involve experts or set up working groups to perform their functions.

Industry reference committees in Australia

In Australia, industry reference committees (IRCs) provide advice to the Australian Industry Skills Committee to guide the development and review of training packages in vocational education. IRCs are volunteer bodies made up of industry experts from business, employers, trade associations, unions and training providers. With the support of sectoral skills organisations, IRCs gather intelligence about their industry sectors, which is used to inform the advice they provide and to make sure that the national training system provides the qualifications, knowledge and skill sets that industry needs.

Portugal's National Agency for Qualification and Vocational Education and Training (ANQEP)

One of the key responsibilities of ANQEP (Agência Nacional para a Qualificação e o Ensino Profissional) is to co-ordinate the continuous updating of the National Qualifications Catalogue, which is carried out by the sectoral councils. Sectoral council members are delegated from other organisations and work on a voluntary basis. They face challenges in updating training content as labour market demands change frequently, and there are only 16 councils responsible for 300 qualifications. ANQEP provides financial resources to pay experts to participate in the updating process, and also helps with the administration of councils by sending invitations to members, setting the agenda and chairing meetings.

Source: Adapted from OECD (2018[27]), *Higher Education in Norway: Labour Market Relevance and Outcomes,* https://dx.doi.org/10.1787/9789264301757-en; OECD (2018[31]), *Getting Skills Right: Australia,* https://dx.doi.org/10.1787/9789264303539-en; OECD (forthcoming[32]), *Strengthening the Governance of Skills Systems.*

Recommendation for fostering collaboration between tertiary education institutions and industry

- **Build the capacity of SECs to engage in updating and designing curricula in tertiary education**. This would improve linkages between employers and tertiary education institutions. Members of SECs should receive financial, technical and administrative support to translate skills needs into occupational standards and qualifications. At the same time, procedures involved in updating occupational standards should be simplified. As SECs develop their capacity,

they could be involved in the licensing and quality assurance of professional qualifications, as well as in the development of curricula. When involving employers in curriculum development, care should be taken not to neglect key foundational skills.

Encouraging employers to provide work-based learning

Work-based learning is an important way for students to develop skills that have a clear value in the labour market, but this mode of training delivery has yet to be introduced in tertiary education in Latvia, and is only starting to develop in secondary education (see Chapter 2). Latvia introduced pilot projects to develop work-based learning in secondary vocational education in 2013/2014 and 2014/2015, and based on the outcomes of these pilot projects the government succeeded in implementing a legal framework for work-based learning in secondary vocational education in 2016. To introduce work-based learning at the tertiary level would require implementing a new legal framework which takes into account the autonomy and self-governance of tertiary education institutions, as well as their quality assurance requirements. Latvia could begin by carrying out pilot projects at the tertiary level, as Estonia has recently done. Under Estonia's pilot project, which runs from 2018 to 2019, work-based learning programmes are offered at the Tallinn Health Care College in occupational therapy, and at the Mainor Business School in the tourism and restaurant enterprise programme.[1]

Creating work-based learning opportunities for students requires strong engagement with employers. Employer involvement in the pilot project at the secondary level was low (Golca and Rajevska, 2017[33]), partially due to the prevalence of SMEs which are often reluctant to get involved with work placements due to the related logistical difficulties and administrative costs (OECD, 2019[28]). As recommended in OECD (2019[28]), encouraging SMEs to offer training jointly, as many countries do (Box 4.2), could facilitate their participation in work-based learning.

Box 4.2. Relevant examples: Encouraging employers to provide work-based learning

Training alliances in Switzerland

In Switzerland, two basic types of training alliances are found: the training company network and the collaborative training alliance. In the training company network, two or more companies form a network to provide apprenticeship training. While the host training company is responsible for the main part of apprenticeship training, partner companies cover parts of training where their specialist capacity is more relevant. The host company also generally takes care of apprenticeship-related administrative tasks. Under the collaborative training alliance, a managing organisation co-ordinates the training, which is carried out in the different participating companies of the alliance.

Training alliances in Austria

In Austria, training alliances support companies that cannot provide apprentices with the full range of skills required for the specific occupation. Alliances can involve an exchange of apprentices between two or more companies, sending apprentices to one or several other companies or to their training workshop (usually for a fee), and attendance at training institutions for a fee. Some provinces support training alliances by providing information and support to companies about possible partner companies and educational institutions, and by co-ordinating training alliance activities.

Apprenticeship training agencies in Norway

In Norway, apprenticeship training agencies (*opplæringskontor,* ATA) are owned by companies and aim to establish new apprenticeship places, supervise apprentices, train staff involved in the instruction of apprentices, and organise the administrative tasks involved with being a training company. Many ATAs organise the theoretical part of apprentice training. While country authorities must approve each company that takes apprentices, ATAs often sign the apprenticeship contracts on behalf of enterprises, thereby becoming accountable for the completion of the apprenticeship and its results. About 70-80% of companies with apprentices are associated with an ATA. These bodies are funded by state grants, and companies typically pay half of the amount received from the state for apprenticeship training to ATAs. The prices of ATA services are set in agreement between ATAs and member companies.

Source: Adapted from Kuczera and Shinyoung (2019[34]), *Vocational Education and Training in Sweden*, https://doi.org/10.1787/g2g9fac5-en.

Recommendation for encouraging employers to provide work-based learning

- **Establish a legal framework for work-based learning in tertiary education** and carry out pilot projects. Assist SMEs in pooling the responsibilities associated with providing work-based learning opportunities. Consider encouraging the integration of work-based learning in tertiary education programme curricula by including it as a criterion for the performance-based funding of education institutions (in addition to labour market relevance and STEM prioritisation).

Raising awareness about the role of career guidance in tertiary education

The role of career guidance in secondary education and adult education was discussed in Chapters 2 and 3, respectively. In the context of tertiary education, high-quality career guidance can help young people entering or leaving tertiary education to make good decisions about which skills to invest in and where their skills would be most valued in the labour market. Such guidance can help reduce skills imbalances by helping students make education and career decisions which are responsive to the needs of the labour market.

In Latvia, tertiary education institutions are responsible for providing career and guidance services. Although the Higher Education Law Article 50(5) states that every student is entitled to receive such services, in practice only a few public and private institutions have career centres or offer services in an integrated way, such as the University of Latvia, Riga Technical University, Riga Stradiņš University, BA School of Business and Finance, Rēzekne Academy of Technologies, RISEBA University Applied Sciences, and ISMA. Services are typically provided free of charge for all current and prospective students, as well as for graduates in some universities. Services include the provision of information on current job vacancies, support for finding internships, counselling about the choice of study programmes, company visits and activities promoting student entrepreneurship. Raising awareness among university management concerning the role of career guidance services could help to expand the number and prominence of career centres in tertiary institutions in Latvia. This would widen access to these services, thus improving the soundness of enrolment decisions, reducing drop-out rates as students choose fields they are best suited to, and improving graduate employment in study-related fields.

Recommendation for raising awareness about the role of career guidance in tertiary education

- **Raise awareness among university management concerning the role of career guidance services** in promoting sound enrolment decisions, lower drop-out rates, and graduate employment in study-related fields.

Opportunity 2: Retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions

The emigration of highly educated workers is a major challenge for Latvia, and contributes to skills shortages. By reducing the labour supply and changing its composition, the emigration of highly educated workers leads to skills shortages that increase the wages of highly educated workers who remain in the country, while lowering the wages of low-educated workers (IZA, Germany, 2015[35]). In Latvia, evidence suggests that the loss of skilled labour caused by emigration has contributed to shortages of high- and medium-skilled professionals educated in science, mathematics, ICT and medicine (including nurses and doctors), as well as experienced engineers and technicians (Hazans, 2017[10]). These fields are over-represented among emigrants relative to the population living in Latvia.

Over the long term, high-skilled emigration dampens productivity and growth. The loss of many highly-educated workers can reduce the productivity of the economy as a whole, which leads to lower wages for everyone (IZA, Germany, 2015[35]). These productivity effects are particularly strong in small countries like Latvia, and are caused by a number of factors: fewer opportunities for knowledge transfer, lost return on public training investment, poor substitutability of high-skilled and low-skilled workers, and reduced opportunities to achieve economies of scale in skill-intensive activities (World Bank, 2005[36]). By reducing the size of the domestic market, emigration discourages investment and leads to business closures, both of which can have a negative impact on growth. The International Monetary Fund estimates the negative effect that emigration has on GDP growth in Latvia to be among the strongest globally (Hazans, 2017[10]).

Thus, there is a vicious cycle at work: the emigration of highly educated workers reduces productivity, which leads to low wages; at the same time, low wages and better opportunities abroad are an important part of the reason that Latvians leave the country in the first place (Hazans, 2017[10]). In 2016, average net annual earnings in Latvia, when controlling for purchasing power, represented between 34% and 40% of average net annual earnings in popular destination countries such as the United Kingdom, Norway, Germany and Ireland (Hazans, 2017[10]). A survey that polled emigrants about their intentions to return to Latvia found that the stated likelihood of returning to Latvia within five years declined with education level: it was 20% among low-educated individuals, 19% among medium-educated individuals, 14% for college-educated and those with a bachelor degree, and only 11% for those with a masters or doctoral degree. Since the crisis, the most common reasons given by highly educated emigrants for not returning to Latvia include “I cannot find a decent job in Latvia” (76%) and “I would not get adequate social support (benefits, pensions, etc.) in Latvia” (74%) (Hazans, 2017[10]). Not being able to find a decent job highlights the low quality of jobs in Latvia. The 2017 Eurofound Survey (Eurofound, 2017[37]) found that the share of workers in Latvia in poor quality jobs is very high (37% compared to the EU average of 20%), and only lower than in Hungary (39%), Greece (41%), and Romania (54%). Poor quality jobs in the survey are characterised by low autonomy and task discretion, low earnings and poor career prospects.

To stem the flow of highly educated emigrants out of the country, Latvia should improve overall job quality in all occupations, but particularly in high-demand occupations. Job quality improvements would make Latvia a more attractive place to work for return migrants, as well as other skilled workers from abroad – both of which could help to alleviate skills shortages. In the pre-workshop questionnaire, stakeholders highlighted the need to improve working conditions and wages for high-demand occupations as one of the top priorities for reducing skills imbalances.

While the Latvian economy supports many high-skilled jobs (Figure 4.4), wages are low. In 2018, 40% of employment was in occupations considered to be high skilled or to require cognitive skills, including managers, professionals, technicians and associate professionals. However, wages are relatively low, even for those with a tertiary education. Average wages in Latvia are among the lowest in the EU, and tertiary educated workers have one of the highest shares of low-wage employment (Figure 4.7).

Although they are low, real wages have grown in recent years, particularly in sectors of the economy experiencing skills shortages. However, the gains are not sustainable due to low productivity growth. Latvia recorded real wage growth of 7% from Q4 2012 to Q4 2017, which compares with 1% real wage growth across OECD countries (OECD, 2018[38]). Wage growth between 2008 and 2015 was particularly strong in sectors of the economy facing skills shortages (Hazans, 2017[10]). This suggests that employers are responding to declining labour supply, in particular to skills shortages, by raising wages. However, as noted in the Ministry of Economics' forecast report (Ministry of Economics, 2018[7]), productivity growth has not kept pace with wage growth. This is partly because the Latvian economy is highly specialised in low-technology manufacturing, which is positioned low on global value chains.

Skills shortages could be eased by improving wages and working conditions. To support sustainable wage growth, efforts are needed on the demand side to boost productivity growth, including by moving up global value chains and improving the use of skills in the workplace. Improving access to social protections would also help to improve working conditions.

Upgrading to higher value-added activities in global value chains

Latvia is currently positioned low on global value chains, which contributes to its low productivity growth. The share of total manufacturing activity in Latvia represented by low-technology manufacturing industries has declined over the last 13 years, but still represents 60% of total activity (Ministry of Economics, 2013[21]). To achieve productivity gains from participation in global value chains, Latvia needs to focus simultaneously on the development of skills and innovation (OECD, 2017[39]). Skill development can help countries to position themselves higher up on global value chains (OECD, 2017[39]). For instance, compared to low-tech manufacturing, high- and medium-tech manufacturing is more intensive in STEM tasks. Skills development is necessary to achieve productivity gains in global value chains, as it enables technology absorption and diffusion to the rest of the economy (OECD, 2017[39]).

Innovation and technological adoption also play a critical role in achieving productivity gains (OECD, 2017[40]) and moving to higher value-added activities; however, Latvia has been slow to adopt new technologies as it would mean giving up competitive advantages based on low cost (Ministry of Economics, 2013[21]). Currently, Latvian firms lag behind in adopting productivity enhancing digital technologies such as cloud computing and big data (OECD, 2017[40]). Expenditure on research and development (R&D) is also low: Latvia's gross domestic expenditure on R&D was only 0.6% of GDP in 2015, one of the lowest among OECD member and partner economies. SMEs in Latvia, which comprise the majority of firms, are also about 70% less productive than large firms, a gap that is larger than Estonia (54%) or the Czech Republic (60%) (OECD, 2017[41]). Recent work (OECD, 2017[40]) suggests that adopting productivity enhancing technologies and increasing strategic spending on R&D would help Latvia seize opportunities for productivity growth and access the global markets and value chains created by the digital transformation. Whether firms adopt new technologies, however, depends on a variety of factors, including labour costs. When labour costs are low, as they are in Latvia, firms may not see the immediate benefits of investing in technology. Other barriers to the adoption of new technologies include high cost, lack of own resources and lack of access to finance (Ministry of Economics, 2013[21]). The Ministry of Economics recommends that the state should "gradually give up competitive advantages based on lower costs and focus on a transition to competitive advantages provided by production of sophisticated products with higher value added." (Ministry of Economics, 2013[21]).

The Latvian government has several strategies in place that involve strategic skills development and technology adoption to raise productivity. The Ministry of Economics offers subsidised training to firms in ten strategic industries in skills that support innovation (SO 1.2.2. "To promote innovation in enterprises") as part of a programme with a budget of EUR 24.9 million devoted to training over the 2014-2020 period. An external evaluation of a similar predecessor programme found little impact on productivity and disproportionate participation by large firms (who generally have better access to training opportunities than SMEs without government intervention). In response, the current programme was designed to cover

a higher share of training costs for SMEs relative to larger firms. Evaluation results are not yet available, but unofficial data from the Ministry of Economics indicates that micro-, small- and medium-sized enterprises are the main beneficiaries. Other skills development programmes, including SO 8.4.1 "Developing Professional Competencies of Employees," are discussed further in Chapter 3 on fostering adult learning.

The Ministry of Education and Science's "Smart Specialisation Strategy" (Research and Innovation Strategy for Smart Specialisation – RIS3*)* was developed in co-ordination with the National Industrial Policy (2014-2020) from the Ministry of Economics. Together, the two documents form the country's economic development plan, which is focused on making structural changes to the economy to increase the share of higher value-added products and services in exports. This includes the development of industrial zones or "clusters", access to venture capital, the development of a platform to enhance research-industry collaboration (Box 4.3), and an increase in innovation capacity through skills training. A recent assessment of the strategy found no improvement in total investment in R&D; however, some improvement was observed in the share of exports represented by high- and medium-high technology industries, as well as in the concentration and productivity (number of scientific articles published in recognised international databases) of state-funded scientific institutions (Ministry of Economics, 2018[42]).

The Ministry of Economics recognises the need for greater co-ordination with regional policy and with the Ministry of Education and Science in preparing the next national industrial policy (2021-2028). More efforts may also be needed to target the specific challenges faced by SMEs in adopting new technologies. Stakeholders reported that the main barriers firms face to conducting their own R&D are low motivation to invest time and human resources, lack of financial capacity, and lack of a strategic vision. Latvian SMEs could benefit from a programme similar to the one piloted in Spain (Box 4.3) which offers tailored consulting services combined with loans to help small manufacturing firms develop a technology adoption action plan.

Box 4.3. Relevant examples: Upgrading to higher value-added activities in global value chains

Investing in research-industry collaboration in Latvia

CAMART2 is a project to enhance research-industry collaboration and increase the commercialisation of research output. Jointly funded by the Latvian government and EU Horizon 2020 (EUR 31 million over 2017-2023), CAMART2 is specifically aimed at upgrading the existing Centre of Excellence in Advanced Material Research and Technology (CAMART) at the Institute of Solid State Physics (ISSP). As part of the project, CAMART created a platform (www.materize.com) to export scientific services and improve co-operation with industry in the field of advanced technology. The platform presents ISSP work in a non-academic manner that is accessible for business. The platform also facilitates the organisation of events focused on the development of research capacity, collaboration and excellence, including the Deep Science Hackathon, scientific seminars with visiting lecturers and networking events.

Helping SMEs to move to higher value-added activities in Spain

Spain's Industria Conectada 4.0 was introduced in 2015 and provides manufacturing firms with information, guidance and financing to harness the benefits of the digital revolution. The programme is managed by the Ministry of Industry and has three components: an online self-diagnosis tool, an in-person consulting service, and loans. The free self-diagnosis tool allows firms to complete an online questionnaire and to receive an assessment of their level of digital maturation, which can range from "static" to "leadership". Firms also learn how they compare to similar sized firms in the same sector, and are notified about the benefits of moving to a higher level of digital maturity in terms of growth and competitiveness. The consulting service provides individualised support and results in a firm-specific action plan. Loans (EUR 97 million in total) are available to help firms in their digital transformation. No evaluations of the programme have yet been completed.

Source: OECD (2017[43]), *Getting Skills Right: Spain*, https://dx.doi.org/10.1787/9789264282346-en.

Recommendation for upgrading to higher value-added activities in global value chains

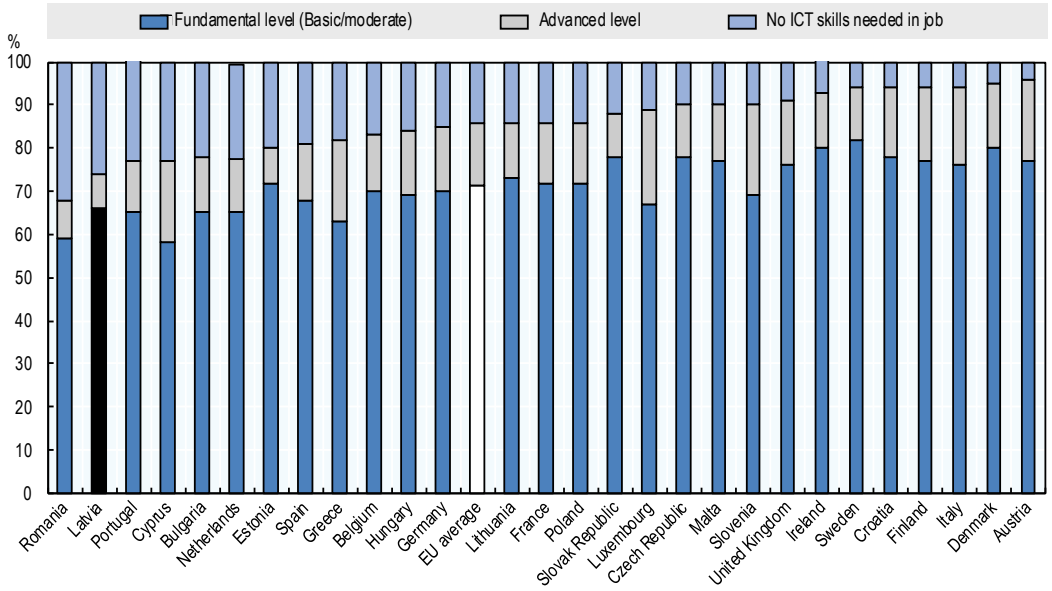
- **Support SMEs who face constraints in moving to higher value-added activities**. Offer financial incentives to support innovative and technology-based enterprises in their early stages, as well as consulting services for SMEs to assist them in moving to higher value-added activities, including via technology adoption.

Improving the use of skills in the workplace

Improving the way skills are used in the workplace helps to improve productivity, as well as raise wages and job satisfaction. The effective use of skills in the workplace has a substantial impact on wages, productivity and job satisfaction – over and above the effect of skill level itself (OECD, 2016[44]). Cedefop's European Skills and Jobs Survey (ESJS) measures the importance and complexity of different skills used in the workplace. In Latvia, 26% of employees reported that their jobs do not need any ICT skills at all (Figure 4.10). This is the highest share across all EU countries, with the exception of Romania, and suggests room for improvement in making the most use of workers' skills. The low use of ICT skills partially reflects the current composition of the Latvian economy, where 60% of total manufacturing activity is in low-technology industries.

Figure 4.10. A high share of employees do not require ICT skills to do their jobs

Share of employees who report needing ICT skills to do their job, by level of ICT skill



Note: Share of valid responses to the question: "Which of the following best describes the highest level of information communication technology skills required for doing your job?"
Source: Cedefop (2017[45]), *European skills and jobs (ESJ) survey*, www.cedefop.europa.eu/en/events-and-projects/projects/european-skills-and-jobs-esj-survey.

StatLink https://doi.org/10.1787/888934036082

OECD work has shown that firm management practices, as well as the way work is organised and jobs are designed, can have a strong impact on how skills are used in the workplace (OECD, 2016[44]). Such practices are often referred to as "high performance work practices" (HPWP), and include an emphasis on teamwork, autonomy, task discretion, mentoring, job and task rotation, and applying new learning. OECD analysis using the Survey of Adult Skills (PIAAC) shows that HPWPs explain a large share of the variance

observed across firms in the use of reading, writing, numeracy, ICT and problem-solving skills at work (OECD, 2016[44]). The 2017 Eurofound Survey (Eurofound, 2017[37]) found that only 32% of Latvian workers reported having used task rotation in their jobs, compared with 45% across EU countries. Latvia also performs below the EU average in the Eurofound's measure of management quality, as well as in indicators of autonomy (ability to set one's own working time arrangements, to choose the order of tasks, or to choose one's working method). Stimulating better management and work organisation practices should be a priority for Latvia. As the majority of firms in Latvia are SMEs, which generally lag behind larger firms in terms of good management practices (Centre for Economic Performance, 2015[46]), they may need stronger incentives and more support to improve their managerial capabilities. In New Zealand, for example, the High-Performance Working Initiative (HPWI) provides business coaching for SMEs to improve work organisation and other business practices for higher productivity and employee job satisfaction (Box 4.4) Coaching services are co-funded by the government and the firm.

Box 4.4. Relevant example: Improving the use of skills in the workplace

Supporting SMEs to improve the use of skills in the workplace in New Zealand

The pursuit of workplace innovation in New Zealand has centred on improving productivity performance. The country has singled out the poor utilisation of skills in the workplace as a key policy issue. In this context, the High-Performance Working Initiative (HPWI) provides business coaching for SMEs to help streamline work practices to improve performance, while also increasing employee engagement and satisfaction. Business improvement consultants work with firms to improve their productivity. Funding is provided by the government agency Callaghan Innovation, with the firm providing half the funding. The HPWI is part of a wider suite of services provided by Callaghan Innovation to help businesses improve their performance through improving their innovation skills.

Source: OECD (2016[47]), *Employment Outlook 2016*, https://dx.doi.org/10.1787/empl_outlook-2016-en.

Recommendation for improving the use of skills in the workplace

- **Support SMEs in making optimal use of their employees' skills**. Introduce advisory services (e.g. consulting and coaching) to provide SMEs with tailored advice about how to implement high-performance workplace practices, including how to develop a training plan and how to organise work for optimal skills use.

Improving access to social protections

Strengthening collective agreements and improving social protections in Latvia would help to improve working conditions, making the country a more attractive place to work. Collective bargaining is relatively weak in Latvia (OECD, 2016[8]), and union coverage is low (Eurofound, 2017[37]). Skilled workers therefore have relatively little capacity to improve wages and working conditions through labour organisation, despite the threat of emigration giving them strong bargaining power. Improving social protections would also make the prospect of staying in or returning to Latvia more attractive. A recent OECD review of the pension system in Latvia (OECD, 2018[48]) showed that the basic pension represents only 8% of gross average earnings, against the OECD average of 19%, and has not increased in nominal terms in more than 10 years. Latvia could take steps to bring social protections more in line with those in popular destination countries, while being careful not to create disincentives for formal employment.

Recommendation for improving access to social protections

- **Strengthen collective agreements and union coverage to give workers the capacity to negotiate better wages** (in line with productivity improvements) and working conditions, including social protection for workers and their families.

Opportunity 3: Facilitating internal mobility and attracting skilled workers from abroad

To address skills shortages in the context of a declining population, Latvia should focus on ways to facilitate internal mobility and to attract workers from abroad who have the skills necessary to fill positions in shortage occupations.

Latvia needs to make the most of its existing skills supply by creating favourable conditions for internal labour mobility. There are currently wide differences in labour market conditions across regions: the registered unemployment rate in the Latgale region is almost four times higher than in the Riga region, where 80% of all job vacancies are located (Ministry of Economics, 2018[7]). Such extreme differences in labour market conditions across regions are indicative of barriers to internal labour mobility, which prevent the free movement of labour and skills to the regions where they are most needed.

Latvia could also develop policies to attract skilled workers from abroad who have the skills needed to fill positions in shortage occupations. As a result of large and continuing emigration, Latvia has a substantial diaspora abroad. However, fewer than 20% of emigrants surveyed in 2014 planned to return within the next five years (OECD, 2016[8]), and after five years abroad their return becomes even less likely. To address skills shortages, Latvia must therefore pay more attention to the possibility of meeting its labour and skills needs through the smart migration of foreign-born workers. This will be a challenge, though, as political support for migration is low: 55% of Latvians said that the immigration of people from other EU member states evokes a negative feeling, compared with 40% on average across EU countries (European Commission, 2015[49]).

Facilitating internal labour mobility

Regional mobility in Latvia is lower than the OECD average, but on par with other European OECD countries. In recent years (2013-2016), 1.3% of the working-age (15-64) population were estimated to change their region of residence on an annual basis. This falls below the OECD average of 2.1%, though is about average compared to other European OECD countries (OECD, 2019[20]). However, comparing movements within countries is not entirely accurate given that Latvia is much smaller than the average European country, and these estimates do not control for geographic size. As such, the problem of low internal labour mobility in Latvia is actually greater than implied by these estimates.

A key barrier to internal labour mobility in Latvia is access to housing, in particular an underdeveloped rental market. Urban centres face skills shortages marked by high numbers of unfilled job vacancies; however, an inadequate supply of rental housing prevents individuals from moving to regions where job vacancies are located. Estimates from the Ministry of Economics suggest that Latvia's current housing deficit is 2.7 million square metres of housing, and is projected to reach 5.6 million square metres by 2035. Data from the 2017 Eurostat Statistics on Income and Living Conditions (SILC) survey show a high level of home ownership in Latvia, with 82% of the population living in owner-occupied dwellings, compared with 69% across countries in the European Union. High home ownership rates are associated with higher skills mismatch (OECD, 2017[41]), as home owners from regions with high unemployment are unlikely to be able to afford housing in areas with good employment opportunities, due to differences in housing demand and prices.

The Latvian rental market is underdeveloped for several reasons. First, investments in renovation and/or new building construction have stalled because average household incomes are not yet sufficiently high

to support such investments. Latvia's current stock of residential housing is generally of low quality: 70% of apartment blocks are over 50 years-old and have low energy efficiency levels (Ministry of Economics, forthcoming[50]). Second, property owners are often deterred from offering rental housing because of low legal certainty around rental contracts: court decisions are required to evict a tenant who does not pay rent, and these decisions may take more than six months (OECD, 2017[41]). Third, insufficient availability of social housing may deter owners from offering housing for rent (OECD, 2017[41]). By law, decisions to evict low-income tenants can be implemented only if social housing is available, but government spending on social housing in Latvia is among the lowest in the OECD, and waiting lists are long, especially in high-demand areas.

Latvia has taken actions to support internal mobility. Since 2013, the public employment service has reimbursed transportation or living expenses associated with taking up a distant job offer (when it is located at least 20 km from the current residence) or engaging in distance training. An OECD impact evaluation of this programme suggests an overall positive effect on the job-related mobility of unemployed persons (OECD, 2019[20]). Since March 2018, highly-qualified specialists aged 35 or younger have been able to access financing of up to EUR 50 000 to provide the necessary guarantee for purchasing or building a new house (Ministry of Economics, 2018[7]). Other measures to support internal mobility are still in the proposal phase, for example, there is a recent proposal to support the construction of houses for rent in regions with growing employment – except Riga and surrounding regions (presumably because the private sector already has sufficient incentive to invest there). If approved (proposed cost is EUR 8 million), the proposal would support the creation of up to 100 apartments per municipality (Ministry of Economics, 2018[7]). The OECD has also started working with Latvia on a project dedicated to improving the availability of affordable housing.

Recommendation for facilitating internal labour mobility

- **Facilitate internal labour mobility by addressing rental housing market barriers**, as recommended by the OECD (2017[41]). This would involve improving legal certainty in rental regulation and encouraging out-of-court procedures; providing more funding for low-cost rented housing in areas of rising employment; and expanding the mobility programme, which provides temporary support for relocation and transport.

Attracting skilled workers from abroad

While immigration rates have been rising, Latvia still attracts relatively few immigrants: inflows represented 0.7% of the resident population in 2018 (Figure 4.2, Panel B), compared with an OECD average of 1% (Brandt, 2016[51]). An online survey of Latvia's emigrants conducted in August-October 2014 found that not being able to find a decent job in Latvia was the top factor preventing Latvians, including the highly educated, from returning (Hazans, 2017[10]). The recommendations made in the previous section to stimulate better wages and working conditions and make better use of workers' skills are necessary to attract more skilled workers to Latvia.

Given the scale of Latvia's demographic challenges, and the fact that difficulty finding a decent job is identified as the main barrier to return migration, active outreach to skilled workers abroad is needed. Most of Latvia's current outreach efforts are targeted at the Latvian diaspora and at researchers and scientists. Latvia offers free and up-to-date information and personalised assistance for incoming, outgoing and returning Latvian researchers and their families (e.g. information about job opportunities, research fellowships and grants, and practical information about daily life). In addition, Latvians Abroad is a database of Latvian scientists living abroad that the government uses to offer reintegration programmes for Latvian scientists and to promote research and collaboration. Efforts to reach out to foreign-born migrants are more limited, but Latvia has started to do this through the EURAXESS network, a European initiative to deliver information to researchers. Since 2018, the Latvian government has used this network to broadcast

opportunities to EU and third-party nationals to come to Latvia to do scientific work. Many countries set up "migrant resource centres" or hold job fairs in the countries from where they would like to recruit. Latvia's employment services do not currently actively reach out to third-country nationals (OECD, 2016[8]).

More active outreach is needed to put skilled workers in touch with quality jobs in Latvia. Latvia should centralise all information about public and private sector jobs, as well as business and investment opportunities, in an online "one-stop shop", with translations available in EU official languages. The Swedish immigration portal[2] provides a good practice example, with up-to-date information on skills needs and job offers by region, online language training, information on regulated occupations and recognition of foreign qualifications, as well as the possibility to apply for work permits online. All of this is available in numerous languages.

Latvia has taken steps to facilitate the retention of international graduates, but more could be done. Across OECD member countries, 3 million students engage in study abroad, with retention rates in destination countries around 30-35% (OECD, 2019[25]). The enrolment of international students in tertiary education is low in Latvia compared to major European destinations, but comparable to enrolment in neighbouring countries (OECD, 2016[8]). Latvia is currently building its capacity to attract more foreign students. For example, it is using EU structural funding to train current teaching staff in English language skills, and making an effort to attract foreign teaching staff to Latvia. Tertiary education institutions are also developing new study programmes in English, although this requires consolidating study programmes as the supply of English speaking teaching staff is limited. As noted in OECD (2016[8]), without the corresponding relaxation of language requirements in the labour market (the State Language Law requires knowledge of Latvian for all occupations "if it is in the public interest" or if the worker must interact with clients directly), more instruction in English or other EU official languages will probably not help keep international graduates in the country. Other initiatives offered by Latvia include public scholarships to foreign students and researchers from a limited set of source countries that have bilateral agreements with Latvia, and since 2018, offering international graduates a 12 month extension to allow them to remain in the country to carry out a job search. Latvia should set up further infrastructure to facilitate the retention of international graduates, including exemptions from the labour market test (OECD, 2016[8]), which requires that employers post a job vacancy for one month in order to prove that the position could not be filled domestically.

Latvia should further develop its "smart migration" policy to attract workers with specific skills who can help alleviate skills shortages. In February 2018, the Cabinet of Ministers approved a simplified procedure for obtaining an EU work permit[3] for highly qualified workers from countries outside of the EU (there is already free movement of labour of citizens of EU member countries within the EU) to professions with significant labour shortages. A list of about 240 occupations have been determined to be in shortage based on the Ministry of Economics' analysis. For these occupations employers may conduct a shortened labour market test (10 days instead of one month) and foreign recruits may receive a work permit (EU blue card) at a lower salary threshold (1.2 times the average wage, rather than 1.5 times). In addition to this employer-initiated procedure, Latvia could also establish a procedure to allow qualified individuals to express interest to migrate to Latvia, similar to New Zealand's Expression of Interest system (Box 4.5). Potential migrants who meet criteria, such as being qualified in one of the shortage occupations, would be admitted into the pool. Employers could then access this pool of candidates via an online database and invite them to apply to work in Latvia, which would allow for faster entry into the country.

Strong language policies are needed to promote integration and to attract return migrants whose families do not speak Latvian. Latvians abroad with a foreign partner are disproportionately highly educated (62% compared with 42% for those with no foreign partner) (OECD, 2016[8]), making them a resource to attract to address skills shortages. However, the insufficient public supply of general and professionally oriented Latvian language courses for the adult population has been identified as one of the main barriers to the better integration of ethnic minorities (Hazans, 2011[52]; OECD, 2015[53]). Language training for migrants is most effective when geared towards labour market integration, and ideally offered on the job

(OECD, 2019[25]). In Flanders (Belgium), for instance, the Flemish employment service offers job-oriented language courses, called "Dutch in the Workplace." In Portugal, vocation-specific language courses are part of the "Portuguese for All" training scheme that is available at no cost to the immigrant population in certain sectors (retail, hospitality, beauty care, civil construction and civil engineering).

Box 4.5. Relevant example: Attracting skilled workers from abroad

New Zealand's Expression of Interest system and SkillFinder tool

New Zealand pioneered the first expression of interest (EoI) system in 2003, in the context of a wider review of its supply-driven permanent migration system. The introduction of the two-step EoI process moved New Zealand from a policy of passive acceptance of residence applications to a more active selection of skilled migrants.

An EoI system is a two-step application process: 1) selection for the pool; and 2) selection to apply. Potential migrants express an interest in migrating to New Zealand and are admitted into a pool if they meet certain criteria that aim to maximise the economic contribution of migrants. Once in the pool, they may be selected and receive an invitation to apply. Candidates who do not receive an invitation to apply to a specific migration scheme are dropped from the pool after a fixed period.

New Zealand also operates a matching system through the SkillFinder platform for foreign nationals who would like to work in New Zealand. Employers or recruiters can request profiles from the database if they are interested in specific skills profiles. The database is managed by the government agency responsible for labour migration.

Source: OECD (2019[54]), *Building an EU Talent Pool: A New Approach to Migration Management for Europe*, https://dx.doi.org/10.1787/6ea982a0-en.

Recommendations for attracting skilled workers from abroad

- **Develop Latvia's "smart migration" policy** to alleviate labour and skills shortages by introducing an "Expression of Interest" system to allow potential migrants who meet criteria to enter a pool that employers can select from. Support the retention of international graduates by relaxing or eliminating the labour market test. The SEA should make its job opportunities website a one-stop shop for potential migrants and accessible in multiple languages. The SEA could also engage in more active outreach to potential skilled migrants, such as through migrant centres or job fairs abroad, to match them with quality jobs in Latvia.
- **Increase the supply of job-oriented language training** to support integration of skilled workers and their families.

Recommendations for reducing skills imbalances in the labour market

Opportunity 1: Strengthening the responsiveness of the tertiary education system to changing skills demand	
Fostering collaboration between tertiary education institutions and industry	Build the capacity of SECs to engage in updating and designing curricula in tertiary education.
Encouraging employers to provide work-based learning	Establish a legal framework for work-based learning in tertiary education.
Raising awareness about the role of career guidance in tertiary education	Raise awareness among university management concerning the importance of career guidance services.
Opportunity 2: Retaining talent in Latvia by stimulating sustainable wage growth and improving working conditions	
Upgrading to higher value-added activities in global value chains	Support SMEs who face constraints in moving to higher value-added activities.
Improving the use of skills in the workplace	Support SMEs in making optimal use of their employees' skills.
Improving access to social protections	Strengthen collective agreements and union coverage to give workers the capacity to negotiate better wages.

Opportunity 3: Facilitating internal mobility and attracting skilled workers from abroad	
Facilitating internal mobility	Facilitate internal labour mobility by addressing rental housing market barriers.
Attracting skilled workers from abroad	Develop Latvia's "smart migration" policy. Increase the supply of job-oriented language training.

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[1] https://eacea.ec.europa.eu/national-policies/eurydice/content/national-reforms-higher-education-20_en.

[2] https://sweden.se/society/collection/working-in-sweden/.

[3] The European Commission sets the guidelines for acquiring an EU Blue Card, and the member state uses the guidelines to complement existing immigration law. Each country has slightly different rules and procedures for obtaining an EU Blue Card.

5 Strengthening the governance of the skills system

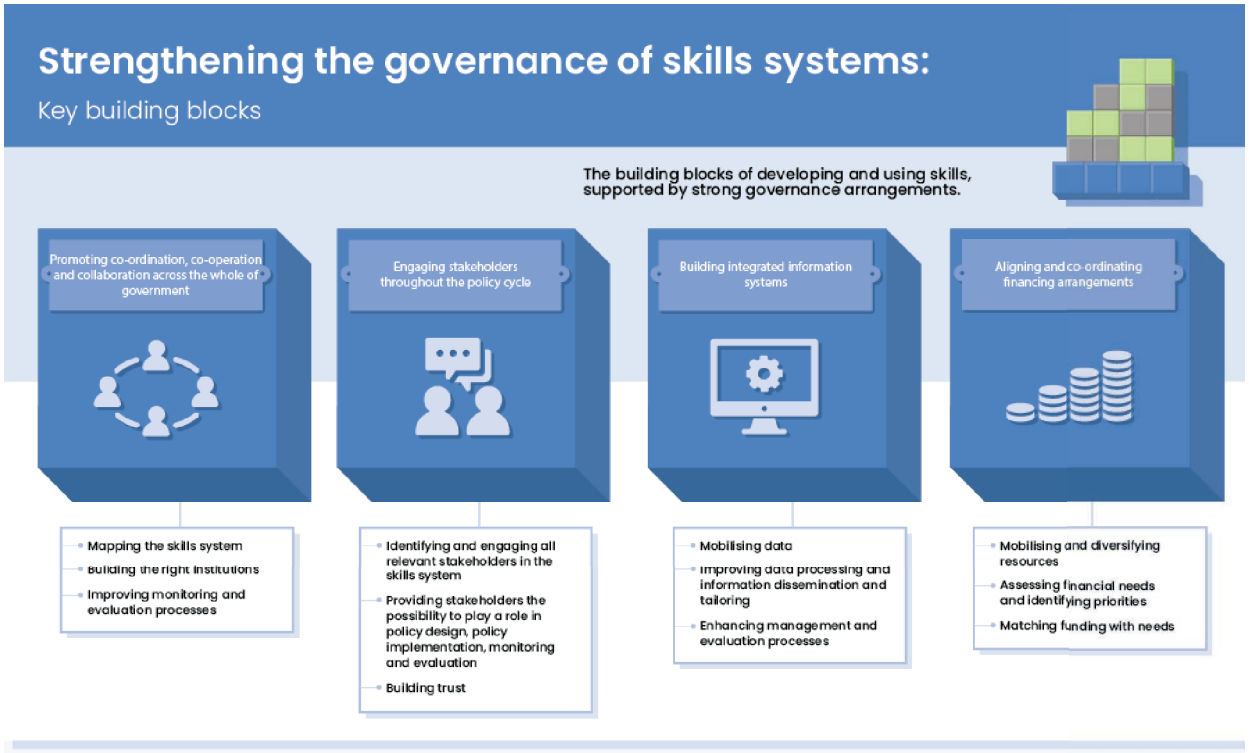
Effective governance arrangements are the building blocks for improving Latvia's performance in developing and using people's skills. This chapter assesses skills governance in Latvia and presents four opportunities to strengthen the governance of the skills system: 1) strengthening strategies and oversight for skills policies; 2) improving co-operation at different levels of government and with stakeholders; 3) building an integrated monitoring and information system on skills; and 4) raising, targeting and sharing investments in lifelong learning.

Introduction: The importance of effective skills governance

Effective governance arrangements are the foundation of Latvia's performance in developing and using people's skills. The success of policies to develop and use people's skills typically depends on the responses and actions of a wide range of actors, including government, learners, educators, workers, employers and trade unions. In many regards, skills policy is fundamentally different from other policy areas. On the one hand, investing in skills is widely popular across different electoral and political constituencies (Busemeyer et al., 2018[1]) as the benefits for economic development and social inclusion are broadly recognised. On the other hand, skills policy is more complex than many other policy areas because it is located at the intersection of education, labour market, industrial and other policy domains. Skills policies therefore implicate a diverse range of government ministries, levels of governments and non-government stakeholders. For instance, labour market policy typically involves trade unions and employer associations, and education policy involves parental and student associations, teacher associations and educational institutions, and others.

The OECD Skills Strategy (2019[2]) identifies four building blocks for strengthening the governance of skills systems (Figure 5.1).

Figure 5.1. The building blocks of strong governance for skills systems



Source: OECD (2019[2]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, https://doi.org/10.1787/9789264313835-en.

A whole-of-government approach is essential to increase skills development and use. A wide range of actors have roles and responsibilities for skills in Latvia (Table 5.1). Promoting co-ordination, co-operation and collaboration across the whole of government can lead to more effective and efficient skills policies. Promoting co-ordination typically requires a shared conviction of the priority of skills, co-ordination between central and subnational authorities, mapping the policies and actors in the skills system, and institutions

that adopt a "life course perspective" and monitor and evaluate the skills system. For Latvia, whole-of-government co-ordination is essential on two levels:

1. Horizontal (inter-ministerial): co-ordination between the ministries of the national government on skills policy.
2. Vertical: co-ordination between ministries and subnational authorities (cities [*pilseta*] and municipalities [*novadi*]) on skills policy.

Government engagement with non-government stakeholders (employers, trade unions, education and training providers, civil society organisations, etc.) on skills policy is also important. Engaging stakeholders throughout the policy cycle can help policy makers tap into on-the-ground expertise and foster support for implementation. Effective stakeholder engagement requires that the costs of participation are minimised for stakeholders, and the benefits maximised by ensuring visible impacts on policies. It also involves avoiding "capture" and undue influence by individual interest groups (OECD, 2019[2]).

Building integrated information systems harnesses the potential of data and information to optimise the design and implementation of skills policies. Such systems ensure that policy makers, firms, individuals and others have access to accurate, timely, detailed and tailored information on skills development activity and outcomes across the life course, available learning opportunities, and current and anticipated skills needs (see Chapter 4 – Reducing skills imbalances). They also employ a "user-centred" approach to ensure that data become actionable information, including as evidence in skills policy making.

Aligning and co-ordinating financing arrangements is essential to ensure the sufficiency and sustainability of skills investments. Skills funding should rely upon flexible cost-sharing mechanisms from multiple sources, with public funds allocated to achieve outcomes and ensure equal opportunities for developing and using skills. Aligning and co-ordinating financing typically involves identifying funding gaps in the system, aligning investments to the government's medium-term priorities, and ensuring that those with responsibilities for skills have the resources to fulfil their role effectively (see Chapter 2 for a discussion on municipal resourcing for student outcomes).

Realising Latvia's lifelong learning ambitions will require stronger co-ordination and collaboration across national and local levels, and involve key stakeholders such as vocational schools, companies and non-governmental organisations (OECD, 2016[3]).The success of Latvia's skills policies in general, and the next medium-term Strategy for Education and Skills: 2021-2027 in particular, will be influenced by the quality of co-ordination between these actors, the quality and use of skills and learning information, and the effectiveness and efficiency of funding for lifelong learning.

This chapter provides an overview of Latvia's skills governance system and selected performance indicators. It then discusses the four opportunities through which Latvia can strengthen its skills governance system: 1) strengthening strategies and oversight for skills policies; 2) improving co-operation at different levels of government and with stakeholders; 3) building an integrated monitoring and information system on skills; and 4) raising, targeting and sharing investments in lifelong learning. For each opportunity, the available data is analysed, relevant national and international policies and practices are discussed, and recommendations are given.

Latvian skills governance: Overview and recent performance

Overview of current roles and responsibilities for skills

Roles and responsibilities for skills are highly dispersed in Latvia, and a diverse range of actors are involved in supporting lifelong learning and minimising skills imbalances (Table 5.1).

Table 5.1. Roles and responsibilities for lifelong learning and reducing skills imbalances

Actor	Role in initial education and training	Role in fostering adult learning	Role in reducing skills imbalances	Role across these areas
Ministry of Education and Science (MoES)	Key role in developing education policies, organising and co-ordinating policy implementation, statistics, funding teacher salaries, and teachers' professional development.	Promoting and providing information on learning opportunities, policy planning, co-ordination, statistics, research.	Co-ordinating the supply side (distribution of state budget study places in higher education and submission plans in vocational education and training [VET]) to meet skills needs.	Lead responsibility for developing education, science, sport, youth and state language policies and regulations, and supervising their implementation.
MoES agencies: National Centre for Education (NCE, VISC in Latvian) State Education Quality Service (SEQS, IKVD in Latvian) State Education Development Agency (SEDA, VIAA in Latvian)	NCE: up to tertiary education level – develops curricula, subject standards, organises national examinations, develops textbooks. SEQS: monitoring and control, licencing, accreditation of all education institutions. SEDA: implements national policy and EU- financed projects in general and vocational education, including career guidance.	NCE: co-ordinates continuing professional development activities for teachers. SEQS: professional competence assessment acquired via non-formal education. SEDA: implementation of the SO 8.4.1. (employed education) information dissemination, career guidance, implementation and supervision of European Social Fund (ESF) and other grant programmes.	SEDA: indirect via implementing education projects for adults and youth not in employment, education or training.	SEDA: implements state policy in the field of education, science and innovation, implementation and supervises the state, EU and foreign financial assistance projects. SEDA also acts as the secretariat of the Career Development Support System Co-operation Council.
Ministry of Welfare (MoW, via State Employment Agency)	Ensures opportunities for unemployed adults to acquire formal education.	Activates unemployed adults to acquire qualifications; offers training for those unemployed.	Career consultancy, information about vacancies, short-term labour market forecasts, the employment of immigrants.	Facilitates training and employment, especially for marginal groups.
Ministry of Economics	None.	Supports employers in the acquisition of very specific skills necessary for enterprise development.	Implementation of certain ESF projects for employee training. Development of long-term labour market forecasts for use in decision making related to the reduction of skills imbalances.	N/A
Other ministries	Responsible for human resource development in their respective sectors; responsible for higher education institutions in their respective fields.	Jointly responsible for policy: Ministry of Culture, Ministry of Agriculture, Ministry of Health, Ministry of Environmental Protection and Regional Development, Ministry of Justice, Ministry of the Interior; Ministry of Defence.	Ministries follow developments in their respective fields and inform other parties about these developments.	Contribute to education policy development in connection with their respective sector.

Actor	Role in initial education and training	Role in fostering adult learning	Role in reducing skills imbalances	Role across these areas
Planning regions development councils for Riga, Vidzeme, Kurzeme, Zemgala and Latgale	Facilitates co-operation between different institutions in the regions, including education institutions.	Different regions offer different training related to adult upskilling.	Established regional centres to pursue specific policy goals.	Within its capacity, ensures regional development planning, co-ordination, co-operation between local governments and other public administration institutions, including education institutions.
Municipalities	Ensure local access to pre-school, primary and lower and upper secondary education; founders of education institutions.	Adult education programme licencing that is not provided by education institutions; employment of local adult education co-ordinators.	Each municipality is required to have an adult education specialist who co-ordinates adult education issues.	Contribute to education policy development.
General secondary education institutions	Independently develop and implement education programmes according to the education standards.	Provide second chance education for adults (evening and distance education programmes).	Implementation of career education and career consultants in schools.	N/A
Vocational education schools, including Vocational Education Competence Centres (VECC)	Develop and implement education programmes according to the profession's standards. Provide work-based learning in co-operation with employers.	Provide education programmes for adults, including continuing professional development, modules. Participate in State Education Agency (SEA) and SEDA adult education provision. VECC's are specialised in in adult education.	Provision of education according to labour market needs.	Contribute to VET education development (methodological centres, teacher training, co-operation with the industry).
Higher education institutions	Autonomously develop study programmes and implement the study process, hire and discharge personnel, and distribute allocated state funding.	Providers of special programmes and courses designed for adult learners; via regular programmes.	May provide career consultants by their own initiative.	Contribute to education policy development.
Adult education and training providers	Provide courses and training programmes (with or without qualification).	Provide courses and training programmes (with or without qualification).	Organise courses and training programmes in response to demand from individuals and labour market needs.	N/A
Employers (and employer associations)	Participate in sectoral expert councils; participate in VET planning, implementation, assessment and programme content development and implementation.	Participate in sectoral expert councils; can provide their own education and training, set professional standards and requirements.	Inform government about skills needs, including through sectoral expert councils.	Contribute to education policy development.
Trade Unions: Free Trade Union Confederation in Latvia (LBAS) (Latvijas Brīvo Arodbiedrību Savienība) Latvian Trade Union of Education and Science Employees (LIZDA)	LBAS: provides input to profession standards, vocational education standards and qualification exam development. LIZDA: Represents, expresses and protects economic, social and legal rights of teachers and academic staff.	Organises education and training programmes, and negotiates employee training through collective bargaining.	Indirect.	Contributes to social dialogue at all levels (Tripartite Cooperation Sub-Council of Vocational Education and Employment [PINTSA], sectoral expert councils, parliament commissions, etc.).

Overview of Latvia's skills governance performance

Strategy and oversight to support effective skills governance

Latvia could use strategies and oversight bodies more effectively to support whole-of-government co-ordination, stakeholder engagement, integrated skills information and co-ordinated funding.

Latvia has several strategies in place related to developing and using people's skills (see Table 1.B.1. in Chapter 1). However, participants in the OECD National Skills Strategy project stated that Latvia lacks a shared vision for skills development and use to steer diverse government actors and stakeholders in the same direction. No single strategy covers skills development and skills use across the life course. Furthermore, Latvia's participants reported that strategic efforts are not having enough tangible impact on skills programmes, services and outcomes. Latvia is currently ranked 120th out of 140 countries on the extent to which the government has a long-term vision, according to the World Economic Forum's survey of executive opinions in each country (World Economic Forum, 2018[4]).

Latvia also has a large number of whole-of-government and cross-sectoral bodies with responsibility for different aspects of skills policies (Table 5.2). However, responsibility for skills policies is fragmented across these bodies. No one body considers both lifelong skills development and skills use. Latvia's oversight bodies typically lack the analytical capacity to contribute to evidence-based policy making. They also lack decision-making or spending capacity for skills policy, and so are limited to discussion and information sharing, often without tangible results. The government does not have a process in place to monitor the effectiveness of its oversight bodies for skills.

More detailed findings and recommendations for improving strategies and oversight bodies for skills are discussed in Opportunity 1: Strengthening strategies and oversight for skills policy below.

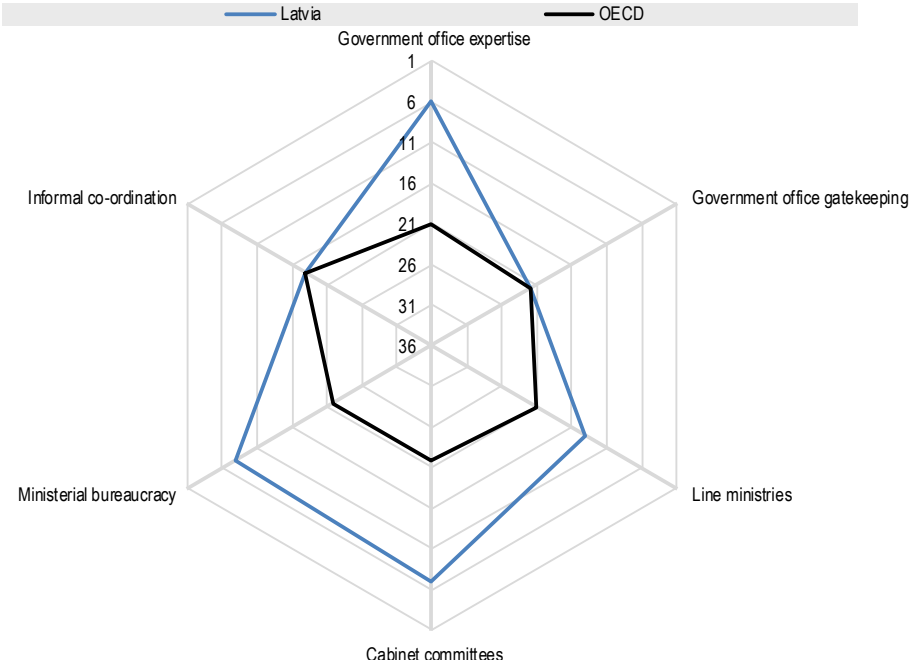
Whole-of government co-ordination on skills

Latvia has a strong base for the inter-ministerial co-ordination of skills policies. While not specific to skills policy, the Bertelsmann Foundation's 2018 Sustainable Governance Indicators (SGI) show that inter-ministerial co-ordination in Latvia is relatively strong, with Latvia ranked 14th out of 36 OECD countries (Bertelsmann Stiftung, 2018[5]). This reflects relatively high performance in several areas (Figure 5.2). In terms of "government office expertise", the government office has sectoral policy expertise and evaluates important draft bills. Most cabinet proposals are reviewed and co-ordinated by cabinet committees, particularly proposals of political or strategic importance. Many policy proposals are effectively co-ordinated by ministry officials/civil servants ("ministerial bureaucracy").

However, in addition to improving strategies and oversight bodies, Latvia could further strengthen the inter-ministerial co-ordination of skills policy. SGI data suggest that Latvia has room to improve the government office's ability to return proposals on policy grounds ("government office gatekeeping"), as well as "informal co-ordination", which is currently largely limited to a political level Coalition Council. Furthermore, participants in the OECD National Skills Strategy project stated that the Cross-Sectoral Coordination Centre (Pārresoru koordinācijas centrs, PKC), whose remit spans all policy fields, has limited capacity to ensure the coherence of skills policies. The Employment Council (Nodarbinātības padome) (minister level) and its management group (state secretary level) co-ordinate policies for labour market development. However, some participants in the OECD project argued that the council has less impact today than in recent years.

Figure 5.2. Latvia's performance on inter-ministerial co-ordination

International rankings based on scores given by experts in 36 OECD countries



Note: The highest rank (1) denotes the highest performance, and is shown on the outer edge of the figure.
Source: Bertelsmann Stiftung (2018[5]), *Sustainable Governance Indicators (SGI) 2018*, https://www.sgi-network.org/2018/Latvia.

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Latvia's performance in vertical co-ordination between the state and municipalities could be strengthened. On the one hand, the SGI suggests that Latvia's overall performance in vertical co-ordination is in line with the OECD average. Across policy areas, the central government ensures that subnational governments have funds to fulfil most of their delegated tasks, and realise "national standards" of public services (Bertelsmann Stiftung, 2018[5]). On the other hand, participants in the OECD National Skills Strategy project noted that state government co-ordination with municipalities on skills policy is less effective than inter-ministerial co-ordination. Municipalities of different sizes and locations have very different capacities to raise revenue and deliver education and employment services. Municipal representatives could be more involved in national oversight bodies for skills policy (Table 5.2). The state has largely relied on regulations and standards to ensure the implementation of national skills policies, but has made little use of incentive-based or soft-mechanisms such as risk-based regulation, performance budgeting, contracts, agreements or pacts to improve co-ordination on skills policies with municipalities.

There are various examples of subnational co-operation on skills policies in Latvia, but co-operation could be more systematic and substantive. Municipalities are generally reluctant to enter into more substantive forms of co-operation, such as partnerships and shared service agreements for education and employment services. Existing bodies at the municipal and regional level, including planning regions development councils (*plānošanas reģionu attīstības padomes*), could do more to support co-operation on delivering skills-related services. There are some examples of networks between local policy makers focused on skills issues, but these could potentially be replicated in other regions. The administrative territorial reform and reduced number of municipalities is expected to further strengthen co-operation at the local level and allow new interaction models.

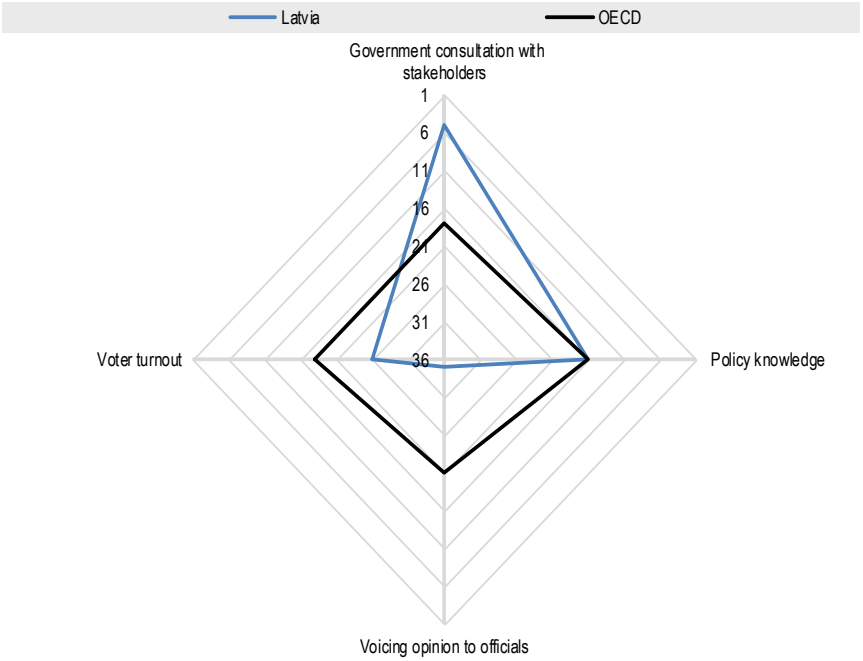
More detailed findings and recommendations for improving inter-ministerial co-ordination, and co-ordination between the state and municipalities, are discussed in Opportunity 2: Improving co-operation at different levels of government and with stakeholders below.

Stakeholder engagement with policy makers and service providers

Latvia's existing processes for facilitating stakeholder engagement by policy makers could be better utilised for skills policy. The SGI suggests that the Latvian government's overall performance in consulting with stakeholders is above the OECD average (Figure 5.3). However, the quality and impact of government engagement with stakeholders is limited. Government communication is often too formal, there is an absence of feedback to stakeholders, and stakeholders want earlier involvement in the policy process. Some participants in the OECD National Skills Strategy project noted that social interest groups are very diverse, and uneven capacity between them leads to some groups dominating skills policy negotiations. A more general challenge for skills policy making in Latvia is that very few citizens voice their opinion to public officials – 10% in any given month, the lowest of all 41 OECD and EU countries except Turkey (Bertelsmann Stiftung, 2018[5]).

Figure 5.3. Latvia's performance on stakeholder engagement

International rankings based on scores given by experts in 36 OECD countries



Note: The highest rank (1) denotes the highest performance, and is shown on the outer edge of the figure.
Source: Bertelsmann Stiftung (2018[5]), *Sustainable Governance Indicators (SGI) 2018*, www.sgi-network.org/2018/Latvia.

StatLink https://doi.org/10.1787/888934036120

Furthermore, while there are some promising examples of stakeholder engagement with service providers such as vocational education and training (VET) institutions, this co-operation is not systemic across levels of education, sectors and regions. Sectoral expert councils and conventions (Table 5.2) are increasingly recognised as good practice examples of engaging with VET institutions, employers, trade unions and government. However, participants in the OECD National Skills Strategy project stated that equivalent

co-operation structures are lacking in tertiary education and adult education and training. Education and training providers often lack information and experience on potentially successful modes of engagement with stakeholders.

More detailed findings and recommendations for improving stakeholder engagement for skills are discussed in Opportunity 2: Improving co-operation at different levels of government and with stakeholders below.

Building integrated information systems

Latvia has several data systems for learning participation, available learning programmes and labour market skills needs. However, participants in the OECD National Skills Strategy project cited several opportunities for improving and integrating this information.

Latvia has several data systems and surveys in place to understand education and training participation (Table 5.4). However, there are gaps in this data, including regarding non-formal adult education and training, and qualifications previously attained by adults. Databases held by the Ministry of Education and Science (MoES), the public employment service (State Employment Agency of Latvia) and the State Education Development Agency are not currently linked. Latvia has websites that provide information to users on education and training opportunities (see Table 3.2 in Chapter 3); however, the sheer number, variety, design differences and sometimes overlap of these websites may undermine their value for prospective learners. Existing websites also do not provide high-quality information on the potential job opportunities associated with different paths of education and training.

Several agencies undertake skills assessment and anticipation exercises (Table 5.5), but these remain disconnected, as well as poorly disseminated and used. There are methodological gaps with current exercises, which focus on quantitative modelling and occupational forecasts rather than skills. Stakeholders such as sector expert councils, employers and training providers have little role in contributing to or validating skills assessment and anticipation exercises. Data are primarily disseminated through analytical reports, which policy analysts and others have struggled to interpret. General awareness and the use of forecasts is limited beyond the Ministry of Economics.

More detailed findings and recommendations for better generating, disseminating and using skills and learning information are discussed in Opportunity 3: Building an integrated monitoring and information system on skills below.

Aligning and co-ordinating financing arrangements

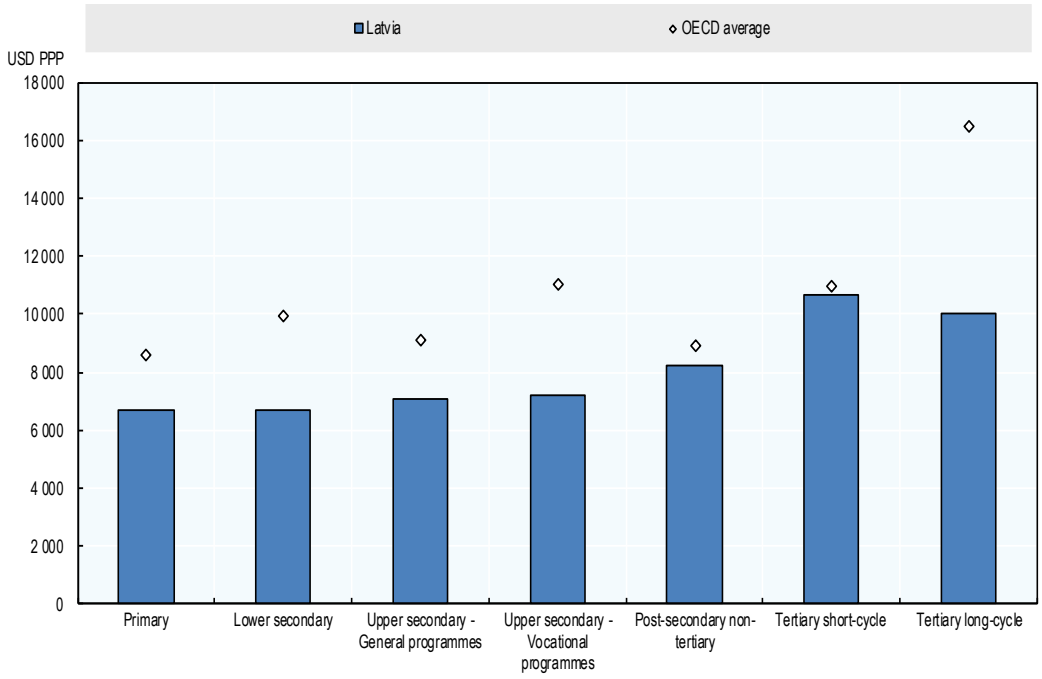
Expenditure on lifelong learning is relatively low in Latvia, which amplifies the importance of appropriately sharing and allocating skills investments. Per student funding in Latvia is lower than the OECD average at all levels of formal education (Figure 5.4). However, Latvia's total expenditure on educational institutions as a share of GDP (4.9%) and as a share of total government expenditure (12.2%) are at and above the OECD average, respectively (OECD, 2018[6]). Latvia's performance in financing adult learning is relatively low (OECD, 2019[7]), which partly reflects low individual investments and active labour market programme expenditure on adult learning.

Governments, employers and individuals could better share the costs of investing in tertiary and adult education. In tertiary education, the share of funding that comes from public sources is on par with the average for OECD EU member countries, and the rest is from households. Unlike in the majority of OECD countries, private businesses and non-profit organisations (e.g. religious organisations, charitable organisations, and business and labour associations) contribute no funding to tertiary education (OECD, 2018[6]). In adult learning, Latvian enterprises (10+ employees) spend less on continuous vocational training (0.8% of labour costs) than enterprises in every other EU member country. The state provides no

funding towards adult learning, and is instead entirely reliant on the European Social Fund (ESF). This has immediate benefits, but involves risks for the future of the system.

Figure 5.4. Total expenditure on educational institutions per full-time equivalent student (2015)

Direct expenditure within educational institutions, by level of education, based on full-time equivalents
In equivalent USD converted using the purchasing power parity (PPP) index for GDP



Source: OECD (2018[6]), *Education at a Glance 2018: OECD Indicators*, http://dx.doi.org/10.1787/eag-2018-en.

StatLink https://doi.org/10.1787/888934036139

Funding for different levels and forms of lifelong learning is not allocated based on strong evidence. Deficiencies in the evaluation of lifelong learning outcomes limit the ability of policy makers to allocate funding to programmes that have the largest positive impacts. The financial capacity of municipalities to fund lifelong learning is constrained and uneven across regions; a challenge which should be mitigated in the context of ongoing territorial reforms.

More detailed findings and recommendations for raising, targeting and sharing investments in lifelong learning are discussed in Opportunity 4: Raising, targeting and sharing investments in lifelong learning below.

Opportunities to improve Latvia's performance

As mentioned above, Latvia has several opportunities to strengthen the governance of the skills system by:

1. Strengthening strategies and oversight for skills policies.
2. Improving co-operation at different levels of government and with stakeholders.
3. Building an integrated monitoring and information system on skills.
4. Raising, targeting and sharing investments in lifelong learning.

Opportunity 1: Strengthening strategies and oversight for skills policy

Effective strategy and oversight bodies are part of the "enabling conditions" to support a whole-of-government approach to skills policy, and are necessary for stakeholder engagement, integrated skills information and co-ordinated financing.

Visions, strategies and action plans are essential for setting goals and clarifying roles for government and stakeholders in skills policy. They can articulate the challenges that require co-operation; clarify concepts; establish goals, priority groups and targets; allocate responsibility; and establish accountability arrangements.

A holistic approach to skills policy requires effective co-ordination structures that encompass the development and use of skills at all stages of learning and working life. Latvia, like other OECD countries, has oversight bodies and state agencies to co-ordinate specific areas of skills policy – employment, adult learning and VET. Oversight bodies can establish priorities, define appropriate financial incentives, design information and guidance arrangements, and contribute to quality assurance.

Creating a comprehensive and influential education and skills strategy

Latvia has numerous high-level strategies that help to support the development and use of people's skills (see Table 1.B.1. in Chapter 1).

However, Latvia lacks a shared and integrated vision for the development and use of skills to steer diverse government actors and stakeholders in the same direction. The Latvian government noted that since there are many stakeholders and mechanisms involved, there is a possibility of making governance arrangements vague, "overcrowded" and complicated. Latvia is ranked 120th out of 140 countries regarding the extent to which government has a long-term vision, according to the World Economic Forum's survey of executive opinions in each country (World Economic Forum, 2018[4]). Furthermore, participants in the OECD National Skills Strategy project stated that Latvia's strategic efforts are not having enough tangible impact on skills programmes, services and outcomes.

The process of strategy development in Latvia could be more inclusive from the outset to foster stakeholder buy-in. Several participants in the OECD project stated that not all strategy development involves ongoing and widespread social dialogue, and that strategy is often driven by one ministry with consultation taking place towards the end of the process. Latvia's current efforts to engage stakeholders in the design of the new National Medium-term Strategy for Education and Skills for 2021-2027 represent a new and positive model of engaging stakeholders for the country.

Latvia's strategic documents have not provided a shared language for skills to underpin cross-sectoral co-operation. "Skills", as opposed to educational attainment,[1] is a relatively new concept in Latvia that is yet to be properly reflected in policy documents and dialogue. There is a need to clarify the concepts of "skills development", "skills use" and "lifelong learning" among key actors. For example, Latvia's Education Development Guidelines 2014-2020 (EDG2020) (Izglītības attīstības pamatnostādnes 2014-2020.gadam)

do not explicitly consider skills use in the labour market, which is as important as developing skills for harnessing the benefits of human capital. A lack of awareness among actors about these concepts and their importance may limit their ability to effectively co-operate with each other.

Latvia's strategies for skills have not consistently used goal and target setting effectively to drive results. The participants in the OECD project stated that goals and targets set under these strategies often reflect the status quo, are not challenging and therefore do not strongly affect policy or behaviour. For example, EDG2020 set the goal for Latvia to increase the share of top performers in reading, mathematics and sciences (measured by the Programme for International Student Assessment [PISA], level 5 and 6) by 2020, but these targets were still below the OECD averages (Geske et al., 2013[8]). Setting specific, measurable, achievable yet challenging, relevant and time-based goals and targets can help facilitate greater action on the part of policy makers and service deliverers.

Latvia's strategic documents have not sufficiently clarified the roles, responsibilities and activities of the different actors in the skills system. While the action plan for the EDG2020 appoints responsible public institutions for tasks and initiatives, it is not clear how these tasks contribute to the achievement of particular performance indicators and targets. Mapping the roles and responsibilities of all sectors involved – ministries, municipalities, employers, social partners and oversight bodies, etc. – can have several benefits, such as highlighting service gaps to be filled and overlaps to be reduced, as well as opportunities for information sharing, co-ordination or formal partnerships.

The actors involved in skills policy have not faced strong accountability for achieving strategic goals and targets. For example, the Ministry of Education and Science's 2019 draft interim report on progress against the EDG2020 showed that the performance of 15-year-olds fell in PISA 2015. However, there was no explanation for this development, stated counter-measures or direct consequences faced by the ministry (Ministry of Education and Science, 2019[9]).

Latvia has not made use of other accountability tools such as performance budgeting, whereby recipients of public funding are remunerated for achieving specific targets. OECD countries use different forms ofperformance budgeting to align spending and programmes with objectives, or to change organisational behaviour directly. In New Zealand, for example, the Better Public Service Results programme had 10 key goals related to skills and employment, amongst other things, and awarded bonuses based on collective organisational effort. In the first five years the number of children not enrolled in early childhood education was halved, and 40 000 fewer working-age people received welfare payments over a three-year period thanks to more intensive and individualised case management and bureaucrats actively developing partnerships with local businesses (OECD, 2018[10]). While performance budgeting is uncommon in Latvia, the Ministry of Education and Science does use something similar for State Research Programme grant recipients, who only receive full grants if performance is adequate and deliverables are met.

Overall, Latvia would benefit from developing a mutually agreed and binding strategy for skills and education from 2021. The Norwegian Strategy for Skills Policy 2017-2021 is one example of a binding strategy (Box 5.1). The participants in the OECD project articulated the desire for Latvia's Education and Skills Strategy 2021-2027 to go beyond a planning document to have widespread and tangible impacts. A binding strategy with effective accountability mechanisms can help make this happen.

Box 5.1. Relevant example: Comprehensive and influential skills strategies

Norwegian Strategy for Skills Policy 2017-2021 and Skills Policy Council

The Norwegian Strategy for Skills Policy 2017-2021 is an example of a high-level skills strategy overseen by a whole-of-government, cross-sectoral council.

In 2017, Norway adopted the Norwegian Strategy for Skills Policy 2017-2021, following up on the recommendations of the 2012-2014 OECD Skills Strategy Project. This advised Norway to develop a skills strategy that incorporates a whole-of-government approach and strong stakeholder involvement.

The Norwegian strategy is a binding agreement among the strategy partners, namely the government, employer associations, trade unions, the voluntary sector and the Sami Parliament, and delineates the roles and responsibilities of each partner. For example, the government (ministries), in co-operation with social partners, is responsible for the development and implementation of the skills policy, and for ensuring co-ordination across policy sectors and levels of government. Municipalities, including local and regional authorities, are the school owners and provide numerous services to the end user. Employers provide training at the workplace, often in collaboration with other partners. The Sami Parliament ensures that the authorities enable the Sami people to have the necessary linguistic and cultural expertise to develop Sami society and businesses. The voluntary sector contributes to skills development both within and outside the labour market.

The strategy also notes the importance of partners working together to develop and implement measures. For example, the Norwegian county municipalities are responsible, alongside other skills policy partners, for the development of regional skills policy. Vocational and professional institutions and employers should co-operate to allow work placements during the period of study.

The Norwegian strategy is overseen by the Skills Policy Council and includes a Future Skills Needs Committee. The council consists of representatives of all the strategy partners and is in charge of the follow up of the strategy. It meets regularly during the strategy period and discusses feedback from the Future Skills Needs Committee, as well as other relevant issues. The council is responsible for assessing the strategy and will decide whether it should be renewed. The committee is in charge of compiling and analysing information about Norway's skills needs, both national and regional, and consists of researchers, analysts and representatives of all the strategy partners.

Source: OECD (2018[11]), *Skills Strategy Implementation Guidance for Slovenia: Improving the Governance of Adult Learning*, https://doi.org/10.1787/9789264308459-en.

Recommendation for a comprehensive and influential Education and Skills Strategy

- **Ensure that Latvia's medium-term Strategy for Education and Skills 2021-2027 clarifies skills concepts, covers lifelong learning and skills use, and builds accountability**. The strategy should define and clarify the concepts of "skills", "skills development", "skills use" and "lifelong learning". It should be more comprehensive than previous strategies by covering skills development of all forms (formal, non-formal and informal) and at all stages (early childhood to adulthood), as well as skills use in the labour market and workplaces. In order to build accountability for implementation, the strategy should set specific, measurable, achievable yet challenging, relevant and time-based goals and targets, and also map the roles and responsibilities of all sectors involved – ministries, municipalities, employers, social partners and oversight bodies – to achieve these goals and targets. The government should seek to create a strategy that is binding for all sectors involved, for example in the form of an agreement or pact.

Ensuring effective oversight of the education and skills strategy

Latvia has a large number of inter-ministerial and cross-sectoral bodies with responsibility for different aspects of skills policies (Table 5.2). These bodies range from the technical to the parliamentary level, from those with advisory to decision-making capacity, and have remits that span one level of education to public policy more generally. However, oversight bodies in Latvia could better ensure the coherence, effectiveness and efficiency of skills policies in order to improve the development and use of skills.

Responsibility for skills policies is fragmented. No one body considers learning across the life course, as well as skills use. For example, the Adult Education Governance Council (PIPP) and the Employment Council focus on learning in adulthood, with the PIPP overseeing only one specific objective (SO 8.4.1. "To develop professional competencies of employees") that supports the professional skills of employed young persons (aged 17-24) and employed adults (25+). The ministries involved in the OECD National Skills Strategy project stated that the PIPP has the potential to take on broader responsibilities for adult learning policy.

A holistic concept of "skills" development and use are not yet widely understood, and require a higher profile in oversight bodies. Participants in the OECD project stated that political bodies lack awareness of, and a shared language for, a broad concept of "skills" that covers cognitive, socio-emotional and technical skills. As such these concepts are rarely discussed, with the focus being on educational attainment. Most technical level bodies are sectoral in their focus and so do not consider the need for integrated policies to develop and use people's skills. Stakeholders stated that "skills" need a higher profile in the inter-ministerial Employment Council (Nodarbinātības padome) in particular; however, this body does not include stakeholders, so is limited to inter-ministerial co-ordination (Opportunity 2: Improving co-operation at different levels of government and with stakeholders).

Latvia's oversight bodies may lack analytical capacity and support. While existing bodies often have secretariat support (e.g. the State Education Development Agency supports PIPP), this is largely limited to administrative functions. Although the Cabinet of Ministers is supported by the PKC, participants in the OECD project raised concerns about the capacity of the PKC to undertake useful analysis on skills policies given its broad remit.

Latvia's oversight bodies typically lack decision-making authority for skills policy. Participants in the OECD project stated that the bodies are largely limited to discussion and information sharing, often without tangible results. Latvia's Tripartite Cooperation Sub-Council of Vocational Education and Employment (PINTSA) can make some binding decisions in VET (Box 5.2); however, the Latvian Government and trade unions stated that the main weakness of PINTSA is that not all of its decisions are binding. The UK Education & Skills Funding Agency is an example of a policy-making institution that functions as a central authority for the skills development of vocational students and adults (Box 5.3). Providing an oversight body some decision-making capacity over skills policy and expenditure can facilitate whole-of-government and stakeholder co-operation.

The government does not have a process in place to monitor the effectiveness of its oversight bodies for skills. As such it is unclear how well each body is performing in terms of achieving its remit. This limits the government's ability to continuously improve inter-ministerial and cross-sectoral co-ordination through methods such as re-focusing, re-organising or terminating bodies. In Norway, the Skills Council and Skills Needs Committees are both under evaluation as to their historical performance and future roles and design.

It will be essential that these challenges are addressed to ensure the successful implementation of Latvia's next Education and Skills Strategy 2021-2027.

Table 5.2. Bodies with oversight for skills policy in Latvia

Body	Purpose and coverage of skills issues	Level of decision-making authority	Members
Parliament Committee of Education, Culture and Science *(*Saeimas Izglītības, kultūras un zinātnes komisija*)*	Preparation of legislation and parliamentary control over the government in the fields of education, culture and science.	Policy making and legislative	11 parliament deputies.
Cabinet of Ministers (Ministru Kabinets)	Highest state executive body that is responsible for government policies and their approval, including skills policy documents. Responsible for other governmental ministries.	Legislative.	Prime Minister and 13 ministers.
Cross-Sectoral Coordination Centre (Pārresoru koordinācijas centrs) (PKC)	Leading institution in national development planning and co-ordination. Oversees the entire central government planning process, making changes and providing guidance to ministries through consultation. Initiates co-operation at all levels of the decision-making process.	Co-ordination and policy making, also advisory function.	Director with power analogous to the ministry's state secretary; three departments; total number of employees and consultants is 21.
Advisory Board "Education for All" *(*Konsultatīvā padome "Izglītība visiem"*)*	Promotes co-operation between ministries and other administrations, municipalities, the private sector, non-governmental (NGO) and international organisations. Co-ordinates action to ensure inclusive, equitable and quality education for all and promotes lifelong learning in relevant skills acquisition. Promotes the implementation of international organisations' recommendations in Latvia.	Advisory.	Chair by the Minister of Education and Science. Members include representatives of ministries, municipalities, private sector, NGOs as invited by MoES, and the Latvian National Commission of UNESCO.
Ministers' Employment Council *(*Nodarbinātības padome*)*	Co-ordinates inter-sectoral cooperation and policies for labour market development. Promotes implementation of necessary labour market reforms and the improvement of skills in the labour force. Priority areas include: establishing an adult education system, modern and qualitative general education, increasing the number of students in STEM disciplines, more active involvement of employers in the formation of education supply, and improving youth skills and employment.	Policy making and co-ordination.	Three ministers: MoES, Minister of Economics and Minister of Welfare.
Youth Consultative Council *(*Latvijas jaunatnes padome*)*	Promotes the development and implementation of coherent youth policy. Encourages youth participation in decision making.	Advisory.	Representatives from ministries and NGOs that work on youth issues.
National Tripartite Cooperation Council: Sub-Council of Vocational Education and Employment (PINTSA) (Nacionālā trīspusējās sadarbības padome (NTSP): Profesionālās izglītības un nodarbinātības trīspusējās sadarbības apakšpadome*)*	Facilitates co-operation between the Cabinet of Ministers, employers and trade unions in the development of proposals to improve VET policy, and the necessary strategies for the implementation of skills-focused education and employment policy.	Co-ordination.	21 authorised persons representing the interests of the government, employers and employee organisations (trade unions), with the same number of representatives (7 each). Experts, local government institutions and NGO representatives can be invited if needed.
12 sectoral expert councils (SEC) *(Nozaru ekspertu padomes, NEP)*	Promote co-operation between the state, industry employers, employees and trade unions, professional organisations and industry specialists on human resource issues to improve VET efficiency and skills acquisition.	Advisory and co-ordination.	Each SEC consists of 20-25 representatives and is composed of delegates from three groups: employer organisations, trade unions and their associations, and industry organisations, as well as relevant ministries.

Body	Purpose and coverage of skills issues	Level of decision-making authority	Members
VET institution conventions *(profesionālo izglītības iestāžu konventi)*	Promotes the development of vocational education institutions that are responsive to the requirements of the labour market and the demand for skills.	Advisory.	Each convention consists of 5-7 representatives: the heads of the field ministry, the municipality, the employers and the VET institution.
Council of Higher Education (Augstākās izglītības padome, AIP)	Develops national strategy for higher education, determines the necessary skills for students. Facilitates co-operation between higher education (HE) institutions, state institutions and society, while also supervising HE quality.	Policy-making.	13 members approved by parliament that include representatives from HE institutions, employers and the MoES.
Adult Education Governance Council (Pieaugušo izglītības pārvaldības padome, PIPP)	Determines and approves the goals and tasks of adult education. Determines priority groups and sectors. Decides on the principles of the distribution of funding. Performs regular adult education implementation assessment.	Advisory and policy making.	Representatives of ministries and social partners, including the Latvian Association of Local and Regional Governments (LPS), the Latvian Association of Large Cities (LLPS), and planning region representatives. Secretariat functions performed by SEDA.
Information Society Council (Informācijas sabiedrības padome)	Supports the strategic policy objective of disseminating ICT education and skills throughout the population by increasing public awareness of, and preparedness to use, ICT capabilities. Advocates for the development of e-skills for citizens, increased ICT competencies in public administration, preparing ICT professionals to meet labour market demands, and promoting the inclusion of ICT literacy in education programmes.	Co-ordination.	Chaired by the Prime Minister. Members include six ministers, representatives of employer and employee organisations, local governments, large cities, the National Commission of UNESCO, two universities and two ICT sector associations.
Career Development Support System Co-operation Council *(*Karjeras attīstības atbalsta sistēmas sadarbības padome*)*	Develops and promotes quality support services for career development that facilitate appropriate choices regarding lifelong learning and employment and further education, or professional development options adapted to each individual's skills, ability, interests and age.	Advisory and co-ordination.	Multi-institutional, including social partners, as invited by the director of SEDA. Session participants vary depending on the topic covered. Local government representatives are invited if relevant.
Training Commission *(Apmācību komisija apmācību jomu, izglītības programmu, profesiju, sociālo un profesionālo pamatprasmju noteikšanai)*	Defines the areas of training and education programmes for the unemployed, with a focus on the basic social and professional skills forecast for future vacancies and occupations.	Policy making and advisory.	Meets annually. Lead by Ministry of Welfare (MoW) state secretary and includes representatives of MoW, other ministries, Investment and Development Agency of Latvia (LIDA), the Employers Confederation, the Association of Trade Unions, municipality representatives, and experts from academia and professional fields (approx. 30 people).

Source: Latvian Republic Saeima (2019[12]), "Izglītības, kultūras un zinātnes komisija [Commission for Education, Culture and Science], www.saeima.lv/faktulapas/Izglitibas_komisijas_faktu_lapaLV.pdf; Latvian National Commission for UNESCO (2019[13]), Konsultatīvā padome "Izglītība visiem" [Advisory Board "Education for All"], www.unesco.lv/lv/izglitiba/izglitiba-visiem/konsultativa-padome/konsultativa-padome-izglitiba-visiem/; Latvian Youth Council (2018[14]), "Kas ir LJP [What is LJP], http://ljp.lv/kas-ir-ljp; likumi.lv (2003[15]), Konsultatīvās padomes "Izglītība visiem" nolikums [Advisory Board "Education for All by-laws], https://likumi.lv/doc.php?id=79116; Ministry of Education and Science (2016[16]), Izveidota Nodarbinātības padome trīs ministru vadībā [An Employment Council with three ministers was set up]; www.izm.gov.lv/lv/aktualitates/1849-izveidota-nodarbinatibas-padome-tris-ministru-vadiba.

Box 5.2. Relevant example: Effective oversight bodies for skills policy in Latvia

Latvia's National Tripartite Cooperation Sub-Council on VET (PINTSA)

The National Tripartite Cooperation Council was established to negotiate interests in social and economic issues at the national level. It co-ordinates and organises tripartite dialogue between employers' associations, government institutions and trade unions. It is made up of representatives appointed by the government, the Employers Confederation and the Free Trade Union Confederation of Latvia. Within the National Tripartite Cooperation Council there are eight sub-councils, including the Tripartite Sub-council for Co-operation in Vocational Education (PINTSA).

PINTSA's mandate is to evaluate and make proposals for policy documents and legislative proposals in the fields of human resource development, education and employment, as well as make proposals for their improvement, including for the most efficient use of state budgetary resources. PINTSA's other functions include approving vocational standards and approving the number of pupils at vocational schools by each programme. A strength of PINTSA is that many of its decisions are binding, such as those on professional standards, professional qualification requirements (if the profession has no profession standard), sectoral qualification structures, and the number of students financed by the state budget and ESF in vocational basic and vocational secondary education programmes.

As noted earlier (Box 5.1), Norway's Skills Policy Council and Future Skills Needs Committee provide an example of effective strategic oversight of skills policy. In the United Kingdom, the oversight body for skills policy has a stronger mandate for allocating and monitoring funding in the training sector (Box 5.3).

Box 5.3. Relevant example: Effective oversight bodies for skills policy in the United Kingdom

UK Education & Skills Funding Agency (ESFA)

ESFA is accountable for GBP 58 billion (British pounds) of funding for the education and training sector. It provides assurance that public funds are properly spent, seeks to ensure value for money for the taxpayer, and delivers the policies and priorities set by the secretary of state. It regulates academies, further education and sixth-form colleges, and training providers, intervening where there is risk of failure or where there is evidence of mismanagement of public funds. It also delivers major projects and operates key services in the education and skills sector, such as school capital programmes, the National Careers Service, the National Apprenticeship Service and the Learning Records Service. ESFA funds maintained schools and early year's institutions (through local authorities), academic trusts, special schools, colleges, training providers, and high-needs institutions.

For students, ESFA calculates funding using the 16-19 year-old national funding formula, which is driven by how many students sign up for training and includes factors that reflect student retention, higher cost subjects, disadvantaged students and area costs. Individuals receive a different amount of funding based on the programme they apply for. For adult education programmes (19+ year-olds), ESFA has its own formula to calculate funding for learners that reflects levels of disadvantage and costs. Funding for ESFA comes from the Ministry of Education and the European Social Fund. Students aged 16-17 with high needs who enrol in longer courses can receive up to GBP 4 000 each, with lower funding for other categories of students.

Source: Education and Skills Funding Agency (2019[17]), *Education and Skills Funding Agency homepage*, www.gov.uk/government/organisations/education-and-skills-funding-agency; Education and Skills Funding Agency (2019[18]), *ESFA Funded Adult Education Budget Funding Rates and Formula 2019 to 2020*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/784250/ESFA_AEB_Funding_Rates_and_Formula_2019_2020.pdf; Education and Skills Funding Agency (2019[19]), *Annual report and accounts*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/819926/P3297_ESFA_Annual_Report_FINAL_Web_single_pages.pdf; Education and Skills Funding Agency (2019[20]), *Funding guidance for young people 2019 to 2020 Funding rates and formula*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/809266/Funding_rates_and_formula_201920_v2.pdf.

Recommendation for ensuring effective oversight of the education and skills strategy

- **Appoint a whole-of-government and cross-sectoral body with decision-making capacity to oversee the Strategy for Education and Skills 2021-2027**. This could be, for example, a new sub-council for skills of the National Tripartite Cooperation Council. The body should have some decision-making capacity on skills policy and spending, and sufficient analytical capacity, for example through expert and/or secretariat support. The state should clearly and formally establish the body's objectives and goals, and monitor and continuously improve its performance against these objectives and goals.

Opportunity 2: Improving co-operation at different levels of government and with stakeholders

Effective co-ordination between Latvia's ministries, agencies, municipalities (*novadi*) and cities (*pilsēta*) will be essential for implementing lifelong learning and integrating skills and learning information. Such "whole-of-government" co-ordination is crucial to minimise overlaps and gaps in services, share experience and sectoral expertise, identify opportunities for partnerships, design policies to complement each other, and develop better processes for engaging with stakeholders.

Several factors can facilitate effective whole-of-government co-ordination, including clear and shared priorities, goals, targets and responsibilities; and an inclusive, influential and accountable co-ordination body (see Opportunity 1: Strengthening strategies and oversight for skills policy). In addition, effective whole-of-government co-ordination requires that civil servants are appropriately skilled, responsible and recognised for their efforts. There also needs to be sufficient resources of people, time and funding.

Effective stakeholder engagement can lead to better quality skills policy and lifelong learning services. Stakeholder engagement throughout the policy cycle helps to ensure that relevant actors in the private sector, such as trade unions, businesses and employer associations, are meaningfully involved in the design, implementation and evaluation of skills policies. Engaging stakeholders can improve policy relevance, flexibility and sustainability, as well as the effective implementation of policies.

Stakeholder engagement by education and training providers can enable them to better tailor their programmes to the needs of learners and employers. The Latvian government has cited the need to

focus on strengthening the involvement of employers in education in order to improve its quality and relevance to changing labour market needs.

Strengthening the inter-ministerial co-ordination of skills policy

Government rules and procedures for the inter-ministerial co-ordination of policies are generally effective in Latvia. The alignment of different ministers and ministries is facilitated by a public statement of policy intent, a government declaration signed by each minister, a coalition agreement outlining the terms of co-operation between the governing parties, and informal coalition-council meetings. The government office also monitors compliance with cabinet decisions, while the PKC monitors implementation of the government declaration (Anda Terauda, Auers and Jahn, 2018[21]).

Despite its strong performance, Latvia has further opportunities to strengthen inter-ministerial co-ordination, especially of skills policies, in order to improve policy coherence, effectiveness and efficiency. In particular, ministries could seek to move beyond mere co-ordination to partnerships that co-design, co-fund and/or co-deliver skills policies and programmes.

Latvia's existing strategies and oversight bodies are essential to facilitate the inter-ministerial co-ordination of skills policy (see Opportunity 1: Strengthening strategies and oversight for skills policy).

The PKC, which reports directly to the prime minister, could play a stronger role in co-ordinating the skills policies of different ministries. It currently evaluates all proposals to be addressed by the cabinet on a weekly basis, focusing on three issues: cross-sectoral impact, adherence to the government declaration and compatibility with long-term strategy documents. The PKC can return materials submitted for cabinet consideration based on the quality of impact assessment and adherence to procedures for inter-ministerial agreement and public consultation. However, concerns were raised by participants in the OECD National Skills Strategy project that the PKC is not well staffed enough to meet line ministry demands, and has no financial capacity to engage outside expertise on specific substantive issues (Klein and Price, 2015[22]). Furthermore, it has not fully established its authority in government decision making, and its analyses are sometimes overlooked in favour of political expediency (Anda Terauda, Auers and Jahn, 2018[21]). For the PKC to play a central role in the inter-ministerial co-ordination of skills policy it will need to renew efforts to establish its informal authority, and would require greater resourcing.

Latvia's inter-ministerial Employment Council, which co-ordinates policies for labour market development, could play a greater role in skills policy making. The council comprises senior representatives of the ministries of education, welfare and economy. Participants in the OECD project noted the significant potential of the council, but some stated that its decision-making authority and impact is less today than in the past when ministers (as opposed to state secretaries) were more active and from the same political party. Expanding the council's responsibilities to include the co-ordination of skills policy, and increasing the role of ministers, could help improve the effectiveness of skills policy.

Recommendation for strengthening the inter-ministerial co-ordination of skills policy

- **Strengthen the Cross-Sectoral Coordination Centre's (PKC) and Employment Council's roles in the inter-ministerial co-ordination of skills policy.** The Employment Council's remit should be expanded to ensure the coherence of skills development and skills use policies, and potentially skills assessment and anticipation. The state could give the Cross-Sectoral Coordination Centre explicit responsibility to advise the cabinet on opportunities for inter-ministerial partnerships to co-design, co-fund and co-deliver skills policies, and ensure sufficient resources to support this role.

Strengthening co-ordination between the state and municipalities on skills policy

Effective co-ordination between the state and municipalities on skills policies remains challenging for Latvia. As in many OECD countries, Latvia has struggled to find the right balance between local responsibility and autonomy for skills policy on the one hand, and centralised responsibility and oversight on the other. Education governance in particular is highly fragmented. Municipalities vary significantly in size, socio-economic composition and capacity. The OECD has previously identified the need to rebalance the high level of autonomy of municipalities with greater public accountability (OECD, 2017[23]).

Local governments have autonomous tasks, delegated tasks and legally mandated tasks for education and employment policy (Table 5.3).

Table 5.3. Municipalities' tasks for skills policy

Municipalities' tasks related to education and employment

Type of task	Description of tasks
Autonomous	According to the Law on Local Governments, section 15: To provide for the education of residents (ensuring the specified rights of residents to acquire primary and general secondary education; ensuring children of pre-school and school age with places in training and educational institutions; organisational and financial assistance to extracurricular training and educational institutions and education support institutions, and others). To organise continuing education for teaching staff and pedagogical methodology work. To facilitate economic activity within the relevant administrative territory, care for reducing unemployment.
Delegated	Central government functions, delegated to local governments, always to be supported by financing: Pedagogue salaries in schools. Salaries for artistic collective leaders. Special education institutions (pre-schools, schools, development rehabilitation centres). Provision of careers education for children and youth. Adult education policy implementation, financial support by central government postponed until 2022.
Legally mandated	Irregular, special tasks, as determined by special legal acts.

Source: Likumi.lv (2019[24]), "Izglītības Likums" [Education Law], https://likumi.lv/doc.php?id=50759; Likumi.lv (1994[25]) "Par pašvaldībām" [Law about local governments], https://likumi.lv/doc.php?id=57255.

Municipal representatives could play a more active role in oversight bodies for skills. Municipalities are permanently represented in four skills oversight bodies, including PIPP (Table 5.2), and may be invited as needed to two other bodies. However, municipal representatives do not appear to be highly active in these or other bodies. Direct co-ordination between municipalities and the Ministry of Education and Science takes place through the education boards of municipalities, which allocate state budget funds for the salaries of pedagogical staff, provide materials for teaching and opportunities to improve teacher qualifications, and organise education for adults (OECD, 2017[23]).

Setting appropriate national standards for education and employment policy has proven a challenge for Latvia. In some cases, such as non-formal adult education and training, there are no national standards (see Chapter 3). For autonomous municipal functions such as primary and general secondary education, municipalities are subject to state government laws and regulations that delineate common standards and define the scope of municipal autonomy. However, the President's Strategic Advisory Council has warned that over-regulation is seriously encroaching on local government autonomy. The council called for a limit to bureaucratisation and for a reduction in the volume of regulations that govern functions mandated as autonomous (Anda Terauda, Auers and Jahn, 2018[21]). One way to do this would be through risk-based regulation that rewards high-performing municipalities with less stringent compliance requirements. This could be implemented in the context of administrative territorial reforms, but would require more

effective monitoring systems for lifelong learning (see Opportunity 4: Raising, targeting and sharing investments in lifelong learning).

The central government and municipalities do not widely use “soft mechanisms” such as contracts, agreements and pacts for co-operation on delivering education and employment services. These tools allow parties to commit either to take action or to follow guidelines that transfer decision-making rights between them. They can be used in unitary or federal states, and are known as *conveños* in Spain, “joint tasks” in Germany and *accordi* in Italy (Charbit and Michalun, 2009[26]). Their advantages are that they are based on mutual agreement, do not require legislative change and are public and transparent. However, they can be costly to negotiate, implement and enforce (OECD, 2018[27]). As roles, responsibilities and expectations for education and employment policies are assessed in the context of the current administrative territorial reform, Latvia could pilot contracts, agreements and pacts in certain municipalities to test their benefits. One application of such mechanisms might be the re-allocation of responsibilities for schools in municipalities that lack the capacity to organise this level of education (OECD, 2016[3]).

Civil servants in the national or subnational governments may sometimes lack the skills and support required for effectively co-ordinating or fulfilling their responsibilities for skills policy. For example, local governments suffer from a lack of capacity in financial management, with the State Audit Office repeatedly noting that they ignore accounting standards and requirements (Anda Terauda, Auers and Jahn, 2018[21]).

Ministries, including the Ministry of Education and Science, have also faced their own capacity constraints (OECD, 2016[3]): government wages have been volatile over the last decade, and stagnant more recently, which has left the public sector with a significant challenge in attracting, retaining and motivating talent (Klein and Price, 2015[22]). Increasing practices such as flexible job descriptions, realistic job previews, regular appraisals and regular feedback on performance could increase efficiency in the Latvian public sector (Lobanova and Ozolina-Ozola, 2014[28]). Latvia’s Public Administration Reform Plan 2020, which updates the framework of public administration competencies and introduces key performance indicators partially introduces these practices. Assessing and developing civil servants’ co-operation skills such as negotiation and conflict resolution may also be necessary in the context of these reforms, as was the case in Slovenia (OECD, 2018[11]). These measures would support both inter-ministerial co-ordination (above) and stakeholder engagement (below). Portugal established a dedicated body to help build the capacity of civil servants (Box 5.5).

Despite their responsibilities, local governments are under funding pressure and face incentives to compete rather than co-operate under the current revenue raising and state funding arrangements (see Opportunity 4: Raising, targeting and sharing investments in lifelong learning).

Establishing an appropriate level of decentralisation that has a mix of hard and soft mechanisms, as well as adequate support for skills policies, will be essential in the context of Latvia’s current administrative territorial reforms. Finland has sought to improve vertical co-ordination through territorial reform (Box 5.4).

Box 5.4. Relevant example: Improving vertical co-ordination through territorial reform in Finland

Finland's PARAS (palvelurakenne) multi-level governance reform

Finland's multi-level governance reforms, underpinned by targeted support from sectoral ministries, have driven collaboration between local areas and regions on education and training services.

The PARAS reform in Finland was a multidimensional reform that included municipal mergers, inter-municipal co-operation for service provision (in particular in the areas of healthcare and education), and better governance in urban regions. In merging or co-operating municipalities, the reform also had an impact on managerial practices (organisational restructuring, introduction of new practices, etc.). Decisions to merge or co-operate were taken on a voluntary basis.

Legislation to support the reform was enacted in 2005 and 2007, and implementation of the first phase of the reform was planned over 2007-2008. Legislation introduced quantitative thresholds to be reached for healthcare and education provision. Municipalities or inter-municipalities authorised to provide basic education services had to have at least 50 000 inhabitants. The local authorities involved could agree that the functions of co-management areas would be conducted jointly or by one local authority on behalf of one or more other local governments.

Municipalities and urban regions had to submit their reports and implementation plans to the central government by the end of August 2007. In 2008 the central government evaluated the reform progress based on supplementary information submitted by municipalities. The reform was implemented between 2009 and 2012. As decisions were voluntary, each municipality/urban region implemented (or not) its plans at its own pace. In 2009 the central government submitted a report to the parliament on the reform to restructure municipalities and services. At the end of the reform period a questionnaire was sent by central government to municipalities to find out what decisions they had taken within the framework of the reform.

The establishment of quantitative thresholds for education services drove collaboration, and were supported by a joint project by the Ministry of Education and Culture and education providers to ensure structural and economic support for education and training across regions. One criticism of the threshold was that in urban regions it risked encouraging wealthy "inner-ring" municipalities to co-operate with central municipalities while maintaining their own services.

Source: OECD (2017[29]), *Multi-level Governance Reforms: Overview of OECD Country Experiences*, OECD Multi-level Governance Studies, http://dx.doi.org/10.1787/9789264272866-en.

Box 5.5. Relevant example: Building the capacity of civil servants in Portugal

A dedicated body to improve civil servants' skills

Portugal has put in place a multi-dimensional governance framework of policies and institutions to improve the skills of civil servants. The Directorate-General for the Qualifications of Public Servants (Direção-Geral da Qualificação dos Trabalhadores em Funções Públicas, INA) is responsible for establishing a new model to co-ordinate and improve professional training in the public administration.

The legislation involves important governance aspects as it creates two new bodies with consultative and co-ordinating roles to strengthen professional training in the public service. These are the General Council for Professional Training (Conselho Geral de Formação Profissional, CGFP) and the Commission for Co-ordinating Vocational Education and Training (Comissão de Coordenação da Formação Profissional, CCFP).

The CGFP is presided over by the minister in charge of public administration and includes the heads of relevant public services and agencies. Its role is to advise the government in the definition and ongoing improvement of professional training in the civil service. The CCFP has a co-ordinating role and involves the heads of services responsible for training in the public service at the national, regional and local levels.

Source: OECD (2018[27]) *Skills Strategy Implementation Guidance for Portugal: Strengthening the Adult-Learning System,* https://doi.org/10.1787/9789264298705-en.

Recommendations for strengthening co-ordination between the state and municipalities on skills policy

- **Strengthen co-ordination between national and subnational authorities on skills policy in the context of Latvia's administrative territorial reforms**. The state should give municipal representatives greater representation in existing oversight bodies for skills policies, such as the National Tripartite Cooperation Council and sectoral expert councils. The state should find opportunities to introduce risk-based regulation for municipalities, rewarding high-performing municipalities with less stringent compliance requirements. Finally, the state and municipalities should pilot softer co-ordination mechanisms, such as agreements and pacts, that outline responsibilities or transfer decision-making rights for select policies, especially for resource constrained municipalities.
- **Strengthen civil servants' capacity to fulfil their roles and co-ordinate with others on skills policy**. In the context of Latvia's ongoing public administration and administrative territorial reforms, the state should survey ministries, agencies and municipalities involved in skills policy to understand the extent to which civil servants are capable of fulfilling their responsibilities and effectively co-ordinating with others on skills policies. Based on the results, the state should seek to redress major resource gaps with targeted support in the form of training, exchanges, mentoring, coaching, networking or peer learning, and/or through targeted funding.

Strengthening co-operation on skills policy at the subnational level

There are various examples of subnational co-operation on skills policies in Latvia; however, it could be more systematic and substantive. One study suggests that urban and rural municipalities co-operate more frequently on education and employment issues than in most other areas, including health, infrastructure and transport (Bulderberga, 2014[30]). For example, some public employment offices have co-ordinated regional information campaigns and events. Riga and 10 surrounding municipalities have established a regional education, culture and sports administration (Pierīgas izglītības, kultūras un sporta pārvalde, PIKSP) to share the functions of education information, state exam organisation, ESF administration and licencing, etc. (PIKSP, 2019[31]). Municipalities also enter into contracts to reimburse each other in the case of a student from one municipality attending school in another (Bite, 2012[32]).

However, in general municipalities are reluctant to enter into more substantive forms of co-operation for education and employment services, such as partnerships and shared service agreements. Some smaller municipalities lack the capacity to adequately support their local school systems, but remain unwilling to close them down and use the infrastructure of other municipalities (OECD, 2016[3]). Apart from the specific examples cited above, municipalities make little use of agreements, pacts and contracts to improve the quality or efficiency of education and employment services.

Existing bodies at the regional or municipal level could do more to support co-operation on skills. Planning regions have the potential to support co-operation by mobilising actors informally and distributing European Structural and Investment Funds (ESIF). Planning region development councils seek to plan and co-ordinate regional development and co-operation between municipalities, including on transport, return migration and entrepreneurship. Planning regions are connected with, and help facilitate co-operation between, local entrepreneurs, science and education institutions through, for example, clusters and science parks. As such they have access to information on the economic development strengths, weaknesses and opportunities in regions (Ministry of Environmental Protection and Regional Development, 2019[33]). Planning regions have established regional centres to pursue specific policy goals; for example, entrepreneurship centres promote entrepreneurship in the regions and act as intermediaries between entrepreneurs and other institutions (Pelse et al., 2018[34]). Planning regions currently have no direct role in education and employment policy. However, by implementing externally (mostly EU) funded projects, they can take action in skills development, such as the CREATE project for adult education in Vidzeme (2017-2019) (CREATE, 2019[35]).

The impact of planning regions on subnational co-operation will largely depend on their ability to improve their legitimacy with and support from municipalities. Planning regions have no formal power to ensure co-ordination between municipalities in education and employment services, or in other fields; they can only facilitate voluntary co-operation within regions. In 2014, the State Audit Office could not find assurance that planning region activities met their operational objectives or achieved regulatory requirements. Municipalities have been reluctant to make financial contributions to the maintenance of planning regions as outlined in regulations, with around 83% of municipalities not ready to co-finance planning region operations (Latvijas Republikas Valsts Kontrole, 2014[36]).

Most municipalities operate and fund their own board of education that is responsible for the provision of early childhood education and care (ECEC), basic education, upper secondary education (general and vocational) and non-formal adult education in their territory. Board functions include the implementation of local educational policy, the allocation of state grants to schools for the salaries of teaching and other staff, and the organisation of teachers' professional development (OECD, 2016[3]). However, some municipalities have jointly established boards to serve a region, such as in Pierīgas. These joint boards support consistent education policy and services, while being administratively efficient.

Associations representing subnational actors are more focused on vertical co-ordination, do not focus on skills and tend to formalise rather than initiate co-operation. The Latvian Association of Local Governments (LPS), the Association of the Big Cities of Latvia (LLPA) and the Association of Regional

Development Centres (RACA) represent their members to the state on all local issues, of which skills are one part. Other associations represent the local level on specific issues such as tourism, for example the Resort Cities Association (kūrortpilsētu asociācija) (Bite, 2012[32]). These associations could play a greater role in promoting good practices of inter-municipal co-operation in delivering skills services, and help to formalise emerging co-operation.

The State Regional Development Agency (SRDA) does not currently facilitate regional co-operation on skills policies. Operating under the supervision of the Ministry of Environmental Protection and Regional Development, the SRDA initially focused on administrating programmes for entrepreneurs and implementing various state and structural funds. Its main task now is providing e-services for governmental and municipal institutions (Latvian Government, n.d.[37]).

There are very few networks between local policy makers that are focused on skills. One example is RACA, through which 21 municipalities have formulated common opinions on policy issues. Co-operation has occurred not only among municipal leaders but also amongst experts, including on education. Such networks could be expanded to include more municipalities, or replicated for other skills policies to share information and identify opportunities for co-operation between municipalities.

Previous research has identified cultural, social and systemic/institutional factors as major hurdles to closer co-operation between municipalities (Bite, 2012[32]). The state, for example, does not use the budget or ESF funding to incentivise or require regional co-operation on delivering education and skills services. The participants in the OECD National Skills Strategy project also stated that competition between municipalities for taxpayers is one of the main barriers to co-operation, which reflects the reliance of municipalities on income taxation to raise revenue (see Opportunity 4: Raising, targeting and sharing investments in lifelong learning).

The administrative territorial reform and reduced number of municipalities will address some of these co-operation challenges at the local level and is expected to allow new interaction models. It will be essential that Latvia monitors and supports co-operation by education and employment service providers within the newly merged municipalities. The Malopolska Partnership for Lifelong Learning in Poland is one example of how regional actors can strengthen co-operation on skills policies (Box 5.6).

Box 5.6. Relevant example: Strengthening co-operation at the subnational level in Poland

Malopolska Partnership for Lifelong Learning

The Malopolska Partnership for Lifelong Learning (Małopolskie Partnerstwo na rzecz Kształcenia Ustawicznego, MPKU) commenced in 2008 and involved 55 institutions representing labour, education and training institutions in Kraków. The partnership has since grown to include 131 members, including the Regional Labour Office in Kraków, training and continuing education centres, training providers, employers' associations, counselling centres and district labour offices. The partnership seeks to improve the quality of lifelong learning, guidance and monitoring in the region.

It represents a unique model of collaboration that expands beyond the advisory role, and implements joint decision making: from setting a comprehensive long-term agenda supported by the annual action plan, to engaging stakeholders from the beginning of the policy cycle, to establishing the monitoring mechanism of programmes.

Source: Związek Powiatów (2019[38]), *Association of Polish Counties*, www.zpp.pl/konwenty-powiatow; Pomorskie (2019[39]), *Local government tasks*, https://pomorskie.eu/zadania-samorzadu; Kaczmarek and Tomasz (2016[40]), *Administrative division of Poland – 25 years of experience during the systemic transformation*, https://journals.openedition.org/echogeo/14514?lang=en; Regional Labour Office in Krakow (2019[41]), *The Małopolska Partnership for Lifelong Learning*, http://www.sas.tpnk.org.pl/images/pliki/seniorzy/prezentacjaOECD.pdf; Action Plan of the Malopolska Partnership for Continuing Education by the Year 2020 (Wojewódzkim Urzędzie Pracy w Krakowie, 2014[42]), https://www.pociagdokariery.pl/upload/2019/MPKU%20-%20publikacje%20i%20dokumenty/plan_wykonawczy_MPKU.pdf ; Związek Powiatów Polskich (2019[43]), *Convention of the Poviats of the Pomeranian Voivodeship*, www.zpp.pl/kategoria/organy-zpp/konwenty-powiatw-/konwent-powiatow-wojewodztwa-pomorskiego.

Recommendations for strengthening co-operation on skills policy at the subnational level

- **Give subnational bodies a greater role in co-ordinating skills policy, while supporting the spread of good inter-municipal co-operation practices**. In the context of Latvia's administrative territorial reforms, planning regions, the State Regional Development Agency and subnational associations should have a more explicit focus on facilitating inter-municipal co-operation on skills policy. The state could create a new body to encourage and co-ordinate inter-municipal partnerships on delivering education and employment services. This could be subordinate to existing regional bodies, similar to the way entrepreneurship centres are overseen by planning regions. Central and regional bodies should raise awareness of successful inter-municipal networks on skills issues, such as the Association of Regional Development Centres and the regional education, culture and sport administration for the Riga area, and encourage their replication.
- **Provide state financial incentives for inter-municipal and public-private partnerships to deliver skills services**. The state should financially reward local and regional partnerships for delivering education and employment services, for example by adding inter-municipal and/or public-private partnerships as criteria in public tenders and other state funding mechanisms, or providing bonuses for such partnerships.

Improving stakeholder engagement with skills policy makers and providers

Latvia's existing strategies and oversight bodies could be improved to help facilitate stakeholder engagement in skills policy making (see Opportunity 1: Strengthening strategies and oversight for skills policy), but there are other opportunities to improve stakeholder engagement.

Societal consultation in policy making takes place frequently and is diverse in nature. The National Tripartite Cooperation Council (Nacionālā trīspusējās sadarbības padome) is a well-established, well-integrated and often-used consultative mechanism that links employers, trade unions and government. The Council of Ministers maintains an NGO co-operation council that seeks to strengthen the representation of NGOs in government engagement processes. Ministries also have 165 of their own sectoral consultative bodies, which is a slight decrease from a high of 173 in 2011, but the number of NGOs participating in these bodies has increased from 980 to 1 128 over the same period (Anda Terauda, Auers and Jahn, 2018[21]).

However, the impact and quality of stakeholder consultations appears more limited. As noted earlier, according to a 2016 Gallup Poll, only 10% of Latvians had voiced their opinion to a public official during the last month, the lowest of all 41 OECD and EU countries except Turkey (Bertelsmann Stiftung, 2018[5]). The State Chancellery of Latvia (Latvijas Valsts kanceleja) surveyed stakeholders on non-involvement in consultations and heard that government communication is too formal, there is an absence of feedback to stakeholders, and stakeholders want earlier involvement in the policy process. In 2017, an influential group of NGOs called for more transparency and participatory mechanisms in the budget planning process (Anda Terauda, Auers and Jahn, 2018[21]).

Some groups of stakeholders may lack the capacity to effectively engage in the multiplicity of bodies and consultation processes. Many employer associations and trade unions are highly capable of formulating relevant policies and are actively engaged in formal consultation bodies. However, social interest groups are very diverse, and uneven capacity between them leads to some groups dominating negotiations. Some social interest groups may require capacity building to be able to engage effectively. Capacity constraints for effective consultation are also a challenge for government, as discussed earlier.

The participants in the OECD National Skills Strategy project highlighted some successful examples of institution-employer engagement that could be replicated across the education system. Education and training institutions can co-operate with stakeholders for different reasons and in different ways.

Co-operation may seek to reduce skills imbalances or strengthen research and innovation in a region or sector. It can take the form of work-based training that is included in curricula and provided by employers, and that enables students to develop work-relevant technical skills and soft skills that are valuable in the workplace (OECD, 2015[44]). Employers and institutions can collaborate in councils to design a labour market relevant curriculum (OECD, 2017[45]). Stakeholders can also be involved in the governance of education institutions.

VET sector expert councils and conventions have had some success and could be adapted to other levels of education. Several stakeholders stated that sectoral engagement has been less effective in tertiary education (Chapter 4), and non-existent in non-formal adult education and training (Chapter 3). Adapting successful engagement practices from VET in tertiary and adult education could improve stakeholder engagement at these levels. Latvia could also consider developing guidelines that can be implemented by vocational, tertiary and adult education and training institutions, and tailored to firms of different sizes, to help ensure institution-employer engagement is consistently effective throughout the lifelong learning system.

Box 5.7. Relevant example: Effective stakeholder engagement with policy makers in Ireland

Stakeholder engagement by Ireland's Skillnet agency

Skillnet is Ireland's national publicly funded agency dedicated to workforce development. It seeks to increase the participation of companies in enterprise training by operating enterprise-led learning networks in different economic sectors and regions, as well as offering various other services. Skillnet currently supports over 15 000 companies nationwide and provides learning experiences to over 50 000 trainees.

Skillnet Ireland fosters an enterprise-led approach to workforce development. The process of determining training needs and co-ordinating the delivery of training is primarily owned by the enterprise groups engaged with Skillnet Ireland. Through 65 Skillnet learning networks, Skillnet Ireland allocates funding to groups of companies in the same industry sector (or region) and with similar training needs so that they can deliver subsidised training for their teams.

Encouraging enterprises to lead the process in this way helps ensure that programmes delivered through Skillnet Ireland are highly relevant to the needs of industry. This approach also enables cohesive enterprise networking and the flexibility to respond to ever-changing skills demands through formal and informal learning.

Source: Skillnet (2018[46]), Skillnet Ireland, www.skillnetireland.ie/; Cedefop (2018[47]), Skills Panorama: Skillnet Ireland, https://skillspanorama.cedefop.europa.eu/en/useful_resources/skillnet-ireland.

Box 5.8. Relevant example: Effective stakeholder engagement with providers in Latvia

Stakeholder engagement through VET sector councils and conventions

VET sector expert councils and conventions have had some success in stakeholder engagement, and their approach could be adapted to other levels of education. The 12 sectoral expert councils (SECs) allow employers, trade unions and government institutions to co-operate on VET. SECs develop professional standards in the sector, participate in examinations, co-operate with VET institutions and co-ordinate internship opportunities in enterprises. SEC capacity and operational efficiency differ across sectors, and no agreement has been reached between the parties on how they should be financed. However, some sectors are seen as high performing and potentially provide an example for other sectors and levels of education (chemistry industry, print and media technology industry).

Tripartite VET conventions are established for all VET schools and act as advisory boards to the schools. Their objective is to promote the development of VET institutions and determine the strategic directions of its operations in line with labour market requirements. They help providers meet labour market needs, advise on strategic development, oversee the programmes, control budget expenditures, etc. The conventions are defined in law and consist of the leader of the VET institution, a representative of the ministry, which is subordinated to a VET institution, and the relevant local governments, as well as representatives of employers and their associations. The convention may include a print and media technology industry representative of the planning region concerned. The chairman of the convention is the representative of the employer or the respective municipality.

Recommendation for improving stakeholder engagement with skills policy makers and providers

- **Build the trust and capacity of stakeholders, while supporting the spread of good engagement practices**. The government should build stakeholder trust to underpin improved engagement by documenting and publicly communicating how stakeholder input has affected skills policy. It should seek feedback from stakeholders themselves on opportunities to increase the benefits and lower the costs of engagement, especially groups with lower resources. The government could devote ESF or state resources to co-fund the capacity building of smaller, less engaged skills stakeholder groups. The tertiary and adult education sectors should seek to adapt successful stakeholder engagement practices such as VET institution conventions and sectoral expert councils to their sectors. The government and social partners could develop guidelines for employer engagement and work-based learning that would be relevant for vocational, tertiary and adult education institutions, as well as different types of firms.

Opportunity 3: Building an integrated monitoring and information system on skills

As skills systems evolve and become more complex, managing data and information becomes a key policy issue. Effective information systems are needed to collect and manage the data and information that governments and stakeholders produce, analyse and disseminate. This helps to ensure that policy makers, firms, individuals and others have access to accurate, timely, detailed and tailored information. Relevant data and information include the skill levels of individuals, the skills demanded by the labour market, skills needed in the future, as well as information on learning and training opportunities and their effectiveness.

Policy makers should make use of these data to evaluate the impact of policies so that they can test whether training programmes are raising the levels of skills of individuals and improving their employability.

Accurate assessments of an over- or under-supply of skills may also help policy makers develop initiatives to achieve better matching between supply and demand by putting in place incentives for skills investments in those areas, or incentives for people to acquire skills that are in shortage (OECD, 2019[2]).

Effective information systems can inform the choices of learners, education providers and firms, and ultimately help diverse actors form a shared understanding of the challenges, opportunities and priorities for skills. This can provide a foundation for effective negotiations, co-ordination and partnerships.

Improving information on learning participation, expenditure, outcomes and opportunities

Policy makers require comprehensive information on learning participation, expenditure and outcomes to inform the allocation of public funding to where it will have the largest benefits. Latvia has several data systems and surveys in place to understand education and training patterns (Table 5.4). However, there are several gaps in the data.

Latvia's State Education Information System (VIIS) collects, generates, and stores information on education institutions, programmes and staff, from ECEC to higher education. There have been concerns about potential gaps in VIIS data, for example regarding the exact number and characteristics of school staff (OECD, 2017[23]). Furthermore, the VIIS does not cover participation in non-formal adult education and training. Latvia does not have a single database of the professional qualifications issued by non-public providers, or records of the qualifications people attained in previous decades. The Ministry of Education and Science will finish implementing improvements to the system by 2020 to link it to HE graduate tracking data and adult learning data. Latvia's three main administrative databases (Table 5.4) are not well linked to provide a comprehensive picture of lifelong learning. The use of data matching techniques or unique identifiers at all stages of lifelong learning can help bring the data together into a rich, de-identified research database, as in the case of the Estonian Education Information System (EHIS). However, this would have to come with strong safeguards for privacy and data protection.

Latvia's only annual survey data on adult learning comes from the Labour Force Survey (LFS). The LFS has several benefits, including a large sample size and regular implementation across the calendar year. However, it does not cover some parts of non-formal learning (e.g. guided on-the-job training), the source of funding (e.g. employer-financed training), the reasons/purposes for the learning (e.g. its vocational goal), participation in multiple learning activities, or training beyond the last four weeks (Cedefop, 2015[48]). Other survey data, such as the Adult Education Survey (AES) and the Continuing Vocational Training Survey (CVTS), are more detailed, but only available every five years.

Latvian authorities lack detailed information on expenditure on lifelong learning by municipalities, employers and individuals. The state lacks a centralised system for monitoring municipal expenditure on education and training over and above state transfers. While enterprises would typically record expenditure on in-house or external training for employees in their accounting systems, they are not required to report this to the State Revenue Service (VID) as a separate entry. Many individuals would report their education and training expenditures to VID in their annual tax returns in order to receive a personal income tax deduction. However, the reported expenditure is currently lumped together with other expenditures, such as health and child-rearing. Hence, accounting and tax reporting standards do not currently support the aggregation of skills expenditure data.

Latvia does not systematically measure the outcomes of lifelong learning at all stages of learning. In Ireland, outcome assessments are an important part of training evaluation, and a new data system (Programme and Learner Support System) has recently been implemented to enable the enhanced tracking of learner outcomes and more informed funding decisions. The system uses the national further education and training course calendar, the national course database and the learner database to track learners' lifecycles, including application, interview, start, completion and certification (and early leaving) (OECD, 2019[7]).

A recent OECD review of Latvia's active labour market programmes (ALMP) for unemployed adults found sizeable opportunities for evaluation given the extent of detailed and linkable administrative data on individuals' participation, labour market outcomes, background characteristics and social assistance. The review used specialised econometric techniques and found that Latvia's formal and non-formal training both have positive effects on an individual's labour market outcomes for virtually all sub-groups of those who are unemployed (OECD, 2019[49]). Latvia is also introducing graduate outcomes surveys in higher education. However, evaluation and monitoring practices are not yet systematic, and differ by level and stage of education. Participants in the OECD National Skills Strategy project stated that moving to a common performance measurement system for lifelong learning, especially in VET, tertiary and adult learning, could help to increase quality and spending efficiency.

Table 5.4. Lifelong learning participation databases and surveys in Latvia

Database/system	Responsible authority	Coverage: Formal education (ISCED 1-8)	Coverage: Adult education and training (formal and non-formal)
Databases			
State Education Information System (VIIS) database (www.viis.lv)	MoES	Register of students and graduates with detailed information on education acquired.	Register of students and graduates of formal education; register of individuals who acquired qualification through recognition of non-formal education.
Unemployment Accounting and Registered Vacancy Information System (BURVIS)	Ministry of Welfare (Employment State Agency)	No.	Register of unemployed; contains information on the courses the individual has attended.
Information system for the project SO 8.4.1 "Improvement of professional competence of employed persons"	MoES (State Education Development Agency, SEDA)	No.	Database contains information on all participants and their attended courses.
Surveys			
Labour Force Survey (LFS), quarterly	Central Statistical Bureau (CSB) Latvia	Yes.	Yes.
Adult Education Survey (AES), 5-yearly (2016)	CSB Latvia	Yes.	Yes.
Continuing Vocational Training Survey (CVTS) , 5-yearly (2015)	CSB Latvia	No.	Yes.
Programme for the International Assessment of Adult Competencies (OECD PIAAC) (from 2021)	MoES in co-operation with University of Latvia	No.	Yes.

Latvia has a large number of websites that provide information to users on education and training opportunities (see Table 3.2 in Chapter 3). The Latvian Qualifications Database provides information on available qualifications from ISCED 1-8, while the National Education Opportunities Database provides information on where learners can enrol in these qualifications. The main adult learning database provides general information on lifelong learning in Latvia and links to over 100 local websites that provide information on learning opportunities.[2] Other websites focus on specific learners (by employment status) and programmes.

The sheer number, variety, design differences and, at times, overlap of these websites may undermine their accessibility for prospective learners. In addition, they do not currently appear to tailor information to the needs of different user groups, such as students, jobseekers, education and training providers, and career counsellors. The websites also lack of high-quality information on the potential job opportunities associated with different paths of education and training.

Box 5.9. Relevant example: Monitoring the outcomes of learning in Latvia

Monitoring the outcomes of higher education in Latvia

The Ministry of Education and Science introduced a register of students and graduate outcomes in 2017. The register is in its early stage of implementation. Information has been gathered for the cohort of 2017 graduates that includes data on graduate employment for the end of 2018, one year after graduation. The information is planned to be publicly available from the end of 2019 onwards for 10 years for each group of graduates. Information from the databases of the Central Statistical Bureau (CSB), the State Revenue Service (VID) and the State Employment Agency (SEA) feeds into the register.

The graduate register contains individual level data about graduates' employment status, field of work and salary; education institution, study programme and degree related information; and demographic characteristics. The register is administered by VIIS, with individual education institutions importing data on their graduates. VIIS shares data with the CSB, which processes and prepares statistical reports.

The graduate register is expected to form the basis for higher education graduate outcome and study quality monitoring. It will also inform the general public and potential students, as well as provide objective information to policy makers and accreditation experts for analysis of personal employment and career development over time.

Box 5.10. Relevant examples: Comprehensive information on learning participation

Estonian Education Information System (EHIS)

The Estonian Education Information System (EHIS) is a state database that brings together information related to education. The database stores details about educational institutions, students, teachers and lecturers, graduation documents, study material and curricula. Data from 2005 are available, meaning that detailed information on general education levels across the population from school to university is available on request. An Estonian ID card is needed to access the EHIS database; someone outside of Estonia can log in as a guest, but is unable to access as much information as an Estonian resident. The EHIS database is used by many different Estonian agencies, such as the Ministry of Education and Research, educational institutions, local authorities, the Estonian Student Union, and the Estonian Health Insurance Fund. From EHIS data it is possible to get a quick and easy overview of the main indicators of general education institutions. The most common use of the EHIS system is for students applying to universities by simply transferring their details.

Ireland's Programme Learner Support System (PLSS)

The Programme Learner Support System (PLSS) is a joint project between the National Further Education and Training Authority (SOLAS) and Education and Training Boards Ireland (ETBI). The PLSS is a suite of software applications designed to provide an integrated approach to the collection and processing of the personal data of learners, and the outputs, outcomes and performance of their programmes. PLSS uses the national Further Education and Training (FET) course calendar, national course database, and learner database to track learners' lifecycles, including application, interview, start, completion and certification (and early leaving). However, these evaluations of outcomes do not capture the effectiveness of training in improving employment outcomes against a control group that did not undergo the training. The PLSS will further enhance the information available to FET providers and learners on labour market outcomes for particular courses.

Source: e-estonia.com (2019[50]), *Estonian Education Information System*, https://e-estonia.com/solutions/education/estonian-education-information-system/; Eesti Hariduse Infosüsteem (2019[51]), Kes ja milleks kasutavad EHISe andmeid? [Who uses data from EHIS], www2.just.ee/ehis/kasutajad.htm; OECD (2019[7]), *Getting Skills Right: Future Ready Adult Learning Systems*, https://doi.org/10.1787/9789264311756-en.

Recommendations for improving information on learning participation, expenditure, outcomes and opportunities

- **Develop a comprehensive dataset on lifelong learning, building on the VIIS and the Unemployment Accounting and Registered Vacancy Information System (BURVIS) databases**. Existing data on participation in education and training at different levels of education and life stages should be better linked. More data should be collected on non-formal education and training in adulthood, especially if it is publicly funded. Latvia should collect more data on municipalities', firms' and individuals' expenditure on education and training, for example through new surveys and/or adding to accounting/reporting standards for firms. Evaluation and performance-monitoring of publicly funded education and training providers and programmes should be improved over time, utilising this comprehensive dataset. Over time, the dataset could be augmented with records of the outputs and outcomes of publicly funded providers and programmes.
- **Consider merging and building upon existing portals to develop an integrated, comprehensive and user-friendly online portal about education and training opportunities, qualifications and guidance services**. This should integrate existing platforms and centralise high-quality information on skills needs and available learning opportunities, career guidance services and funding support. It should be tailored for use by different user groups, such as learners, career counsellors, education and training providers, and policy makers. Drawing on administrative datasets, this portal could allow adults to access the digital records of their educational qualifications, which they can then provide to education institutions and employers.

Improving the quality and use of skills needs information

Latvia is gradually improving its skills assessment and anticipation system, but several opportunities for improvement remain.

Latvia's skills assessment and anticipation system is the shared responsibility of the Ministry of Economics, the Ministry of Welfare, the Ministry of Education and Science and sectoral expert councils. The objective of the system is to develop a co-ordinated approach to forecasting skills demand and supply to inform public policy decisions on employment, education and social affairs. Various stakeholders have

an important role in the process of skills anticipation, including those from the education system and employee and employer representatives. Numerous committees, working groups and other bodies involved in dealing with issues related to the labour market and education provision use the results from the forecasts. Other stakeholders, such as educational institutions, employee and employer organisations, also contribute information to skills anticipation activities (Cedefop, 2017[52]).

However, some methodological gaps exist. The quantitative elements of the exercises are well developed, but the processes for qualitatively validating the results with sectors are limited, as is the regional and sectoral disaggregation of the results. Furthermore, the system remains focused on assessing occupations, rather than on assessing changes in the need for specific skills and competencies. Poland, for example, has sought to assess imbalances of skills rather than occupations, through its Human Capital Survey (OECD, 2019[53]).

Several weaknesses have also been acknowledged in relation to the dissemination and use of the forecasts. The results are primarily distributed in the form of a technical report, which is unlikely to meet the needs of the lay person. Limited dissemination channels have led to a lack of awareness about changes in the labour market and a lack of discussions about labour market trends and future skills needs. The forecasts have also not been used in developing policy at the sectoral level. A two-year study on improving Latvia's labour market forecasting system (AC Konsultacijas, 2019[54]) found a lack of co-operation between government and stakeholders on interpreting the results of existing forecasts. Also, Latvia lacks a user-friendly online platform for different user groups to access the results to inform decision making or conduct research and analysis. The results of these exercises are also not integrated with information on related education and training programmes.

Following the two-year study, the Ministry of Economics and the Ministry of Welfare plan to introduce new measures up to 2020 that will include more stakeholder involvement in discussing the implications of skills forecasts for policy, streamlining the number of working parties and committees that consider different aspects of the forecasts, improved dissemination channels (e.g. more online access), and an increased role of employers and regional authorities in discussions on labour market needs. However, these improvements have not yet been implemented, and it is not clear how they will be funded. Some participants in this project stated that since sectoral expert councils are composed of representatives from state, industry employers, employees and trade unions, professional organisations and industry specialists on human resource issues, they are well placed to track changing sectoral skill needs and trends. In order for them to play such a role, they would need sufficient resources.

The use of skills and learning data in research and evidence-based policy making is limited. Latvia is increasingly open to evidence-based policy making and external advice; however, participants in the OECD National Skills Strategy project stated that the research and evaluation of lifelong learning and labour market data are under-developed in Latvia, owing mainly to capacity constraints. Ministries often seek expert advice by inviting academics to join working groups, but the government lacks the financial capacity to regularly commission input from the academic community. Consequently, expert engagement is typically given voluntarily without remuneration (Anda Terauda, Auers and Jahn, 2018[21]). A previous OECD review highlighted the need for the Ministry of Education and Science to strengthen its own capacity for data collection and analysis (OECD, 2016[3]).

Participants in the OECD project stated that existing research activities are highly reliant on ESF funding, and could be made more sustainable. Educational research is undertaken by a small number of individuals and institutes, and Latvia lacks a stand-alone labour market research institute. Several participants in the OECD project stated that Latvia lacks skilled researchers specialising in these topics, and the quantity and quality of research on the available data have been too low. The OECD has previously highlighted the need for an independent research institution for education (OECD, 2016[3]).

Table 5.5. Skills assessment and anticipation-related exercises in Latvia

Name/activity	Responsible organisation	Coverage (occupations, sector, region)	Timeframe	Methodology
Labour market medium and long-term forecasts	Ministry of Economics (MoE)	Labour force demand and supply forecasts by sector, occupation, level and field of education.	Medium (7 years) and long (25 years) term, updated bi-annually, current to 2035.	MoE labour market forecasting system-dynamic, computable general equilibrium (CGE) model.
Labour force demand short-term forecasts	Ministry of Welfare Employment state agency	Labour force demand changes in sectors and regions by profession groups. Forecasts include salaries, number of vacancies, employed and unemployed by profession groups.	Short term: 1-2 years, updated regularly.	Econometric model, based on labour force surveys, employer surveys, MoE forecasts for economic sectors, historical data on economic development. Searchable online tool available.
Macroeconomic forecasts	Bank of Latvia, Ministry of Finance, Ministry of Economics	Macroeconomic indicators, including unemployment rate and wages.	Short term: 1-2 years, updated regularly.	Econometric modelling, based on different models (factor, Bayesian vector autoregression, CGE models).
Industry assessments	National Centre for Education (VISC)	Project implemented to develop professional standards and to adjust vocational education content to labour market requirements.	ESF project 2016-2021.	Result: 15 industry qualification structures and 160 professional standards.

Source: Ministry of Economics (2018[55]), "*Informatīvais ziņojums par darba tirgus vidēja un ilgtermiņa prognozēm [Informative report on medium and long-term labour market forecasts*]; State Employment Agency (2019[56]), *"Darba tirgus prognozes" [Labour market forecasts*], https://cvvp.nva.gov.lv/#/pub/pakalpojumi/prognozes/; Bank of Latvia (2019[57]), "*Par Latvijas Bankas makroekonomiskajām prognozēm" [On the Bank of Latvia's Macroeconomic Forecasts],* www.makroekonomika.lv/lapa/par-latvijas-bankas-makroekonomiskajam-prognozem; National Centre for Education (2019[58]), *"Nozaru kvalifikācijas sistēmas pilnveide profesionālās izglītības attīstībai un kvalitātes nodrošināšanai" [Improvement of the sector qualification system for the development of vocational education and quality assurance]*, https://visc.gov.lv/visc/projekti/esf_852.shtml; Ministry of Finance (2019[59]), Main macroeconomic indicators and forecasts, https://www.fm.gov.lv/en/s/macroeconomics/main_macroeconomic_indicators/.

Box 5.11. Relevant example: Improving information on skills needs

Portugal - System for anticipating the need for qualifications (SANQ)

Created in 2014, Portugal's skills needs assessment system (SANQ) is co-ordinated by the National Agency for Qualifications and Vocational Education and Training, with a consultative board that includes the Public Employment Service, representatives of workers and employers, as well as technical assistance from the International Labour Organization. Its diagnostic exercises assess skills needs through both a retrospective analysis of labour market trends and a forecast of the demand for certain qualifications. The system is used to plan the delivery of vocational education and training for young people, and the country is considering expanding the use for planning the supply of adult learning programmes. Portugal is following OECD guidelines on applying skills needs data to the field of career guidance by using inputs of skills needs assessment to assist with guidance in its network of Qualifica Centres, formerly Centres for Qualification and Vocational Education, which aim to guide young people and adults in identifying opportunities to acquire qualifications as part of the National Catalogue of Qualifications.

Source: OECD (2016[60]), *Getting Skills Right: Assessing and Anticipating Changing Skill Needs*, http://dx.doi.org/10.1787/9789264252073-en; OECD (2018[27]) *Skills Strategy Implementation Guidance for Portugal: Strengthening the Adult-Learning System*, http://dx.doi.org/10.1787/9789264298705-en.

Recommendations for improving the quality and use of skills needs information

- **Develop a comprehensive skills assessment and anticipation system with input from, and shared oversight by, social partners.** Building on recent projects to improve skills needs information, Latvia should integrate and build on the skills assessment and anticipation exercises of the Ministry of Economics and Ministry of Welfare. The system should be designed based on the needs of key user groups: policy makers, education and training institutions, career advisors, students and learners. These groups should also be represented in the ongoing governance of the system. The improved system should make greater use of qualitative inputs, for example from industry experts, to test the results of quantitative modelling. As shared responsibility, it will be essential to support the capacity of government and stakeholders to utilise skills needs information effectively.
- **Strengthen the role of sectoral expert councils with the support from industry to validate and provide high quality information on sectoral skill needs and trends.** Latvia could utilise sectoral expert councils to ensure representatives of state, employers, employees and trade unions, professional organisations and industry specialists on human resource issues In order for sectoral expert councils to play such a role, they would need sufficient resources, which will likely require co-funding from government and employers.
- **Build government's capacity in order to improve the use of skills and learning data and information in evidence-based policy making**. The government should invest in its capacity to undertake policy research and evaluation. In the first instance, the state should fund targeted programme evaluation training for civil servants involved in skills policy making. Beyond that, ministries could pool funds to expand public research into education and labour market issues, using the services of existing faculties or creating a public research institute for skills.

Opportunity 4: Raising, targeting and sharing investments in lifelong learning

Governments, individuals and employers need to work together to share the costs of investing in lifelong learning. The government alone cannot shoulder these costs. However, certain individuals and firms are unlikely to invest in learning without government and or/sectoral support. The sharing, sustainability and equity of lifelong learning funding are key challenges in Latvia.

Ensuring sufficient, shared and stable expenditure on lifelong learning

As noted earlier, spending on lifelong learning is relatively low in Latvia: less is spent on educational institutions per student than the OECD average, at all levels of formal education (Figure 5.4). Expenditure on education and training as part of active labour market programmes is below the OECD average (OECD, 2019[7]). Latvia is highly reliant on state funds for learning during the school years, and the state is the sole funder of early childhood and school education (ISCED 0-3), and the main funder of tertiary education. However, the state does not currently fund adult education and training, instead relying on the ESF (Table 5.6).

Table 5.6. Public funding of lifelong learning

Thousand EUR, 2017

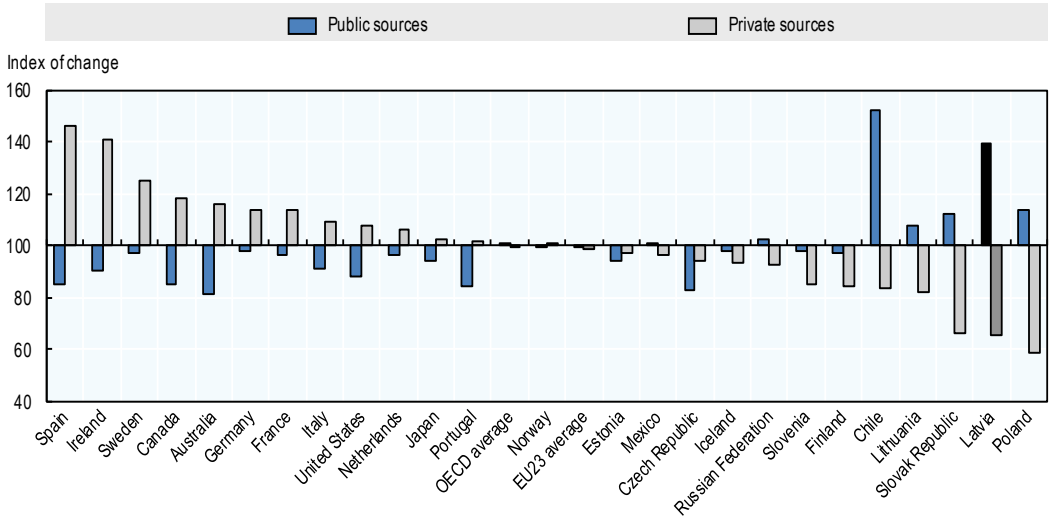
Funding source	Pre-primary and primary education (ISCED 0-1)	General and Vocational secondary education (ISCED 1-3)	Post-secondary formal education (ISCED 4-8)	Adult education and training (formal and non-formal)	Education non-attributable to level
European structural and investment funds (estimated)	All formal education (ISCED 0-8) 79 620			22 743	8 454
General government	632 779	364 105	214 291	0	344 233
of which local government	624 380	271 595	268	0	213 005

Note: EU fund contribution is estimated as average yearly funding, based on the action programme "Growth and Employment" budget for 2014-2020 period, taking into account priority areas "Education, skills and lifelong learning" and "Employment and labour mobility". Contribution to education and skills is also possible from other areas.

Employers and individuals also spend relatively little on tertiary and adult education and training. In tertiary education, the share of funding that comes from public sources is on par with the average for OECD EU member countries, and the rest is from households. Unlike in the majority of OECD countries, private businesses and non-profit organisations (e.g. religious organisations, charitable organisations, and business and labour associations) contribute minimal funding to tertiary education (OECD, 2018[6]). Furthermore, since 2010 Latvia has had the largest shift from private to public funding of tertiary education across OECD countries (Figure 5.5).

Figure 5.5. Change in relative share of public and private expenditure on tertiary education institutions (between 2010 and 2015)

Final source of funds, 2010 = 100



Note: Primary education includes pre-primary programmes. Private expenditure on government-dependent private institutions is included under public institutions. Countries are ranked in descending order of the change in the share of private expenditure on tertiary educational institutions between 2010 and 2015. EU23 includes countries that are both OECD and EU member countries.
Source: OECD (2018[6]), *Education at a Glance 2018: OECD Indicators*, Figure C3.3, https://doi.org/10.1787/eag-2018-en.

StatLink https://doi.org/10.1787/888934036158

In adult learning, Latvian enterprises with more than 10 employees spent less on continuous vocational training (0.8% of labour costs) than similar-sized enterprises in every other EU country (Eurostat, 2019[61]). Expenditure on adult learning by individuals is also below the OECD average (OECD, 2019[7]).

Latvia lacks a clear framework or agreement on how to sustainably share the costs of funding lifelong learning between government, employers and individuals.

Latvia's reliance on the ESF to fund adult learning has immediate benefits, but involves risks for the future of the system. First, EU funding may fall in the future, as the EU reconsiders its priorities. In addition, the EU budget will be reduced by the potential departure of the United Kingdom from the EU (European Commission, 2017[62]). The European Commission's proposal for the "ESF+" for 2021-27 has a total budget of EUR 89.7 billion (constant prices, up from EUR 86.4 billion in 2014-20) (Lecerf, 2018[63]). However, the proposed ESF+ would have a broader scope of issues to cover than the current one (including migrants and social integration). The funding available for adult learning in Latvia is yet to be negotiated.

Box 5.12. Relevant example: Sharing the costs of lifelong learning

Norway's cost-sharing approach

Various models exist of cost-sharing approaches between government, employers and individuals. Norway's shared funding model for adult learning seeks to assign responsibility for funding to the party expected to benefit from the education or training.

Norway distinguishes between programmes that provide basic skills, enhance job performance or support worker mobility. It considers that government and society benefit most from increasing the basic skills of its population, while employers benefit from job-specific training leading to productivity gains, and individuals from training that raises their employability or mobility in the labour market.

The Ministry of Education and Research supports the development of basic skills through funding The Basic Competence in Working Life Programme (EUR 16.4 million in 2017) in workplaces. Any employer, public or private, can apply for funding for projects that meet key criteria defined by the ministry. These criteria are: basic skills training should be linked to job-related activities and learning activities should be connected with the normal operations of the employer; the skills taught should correspond to those of lower secondary school level; courses need to reflect competence goals in the Framework for Basic Skills for Adults; and courses should be flexible to meet the needs of all participants and to strengthen their motivation to learn.

Municipal or county authorities cover the cost of second-chance school education for adults (primary and secondary level), making it free of charge for participants. In tertiary education, individuals or their employers pay for continuing education courses in public universities and university colleges that prepare them for the labour market or improve quality of life. The government and individuals co-fund general non-formal adult learning and education provided by adult education associations. Private enterprises cover the full costs of job-related non-formal education and training for their employees that is not related to basic skills, such as in the form of on-the-job training. Trade unions also have funds for further and continuing education, for which their members can apply.

Source: OECD (2019[64]); *Making Decentralisation Work: A Handbook for Policy-Makers*, https://doi.org/10.1787/g2g9faa7-en; OECD (2018[27]), *Skills Strategy Implementation Guidance for Portugal: Strengthening the Adult-Learning System*, http://dx.doi.org/10.1787/9789264298705-en; Eurydice (2017[65]), *Norway: Adult Education and Training Funding*, https://eacea.ec.europa.eu/national-policies/eurydice/content/adult-education-and-training-funding-54_en; Bjerkaker (2016[66]), Adult and Continuing Education in Norway, http://dx.doi.org/10.3278/37/0576w.

Second, as ESI funds are time limited, gaps can open up in the provision of learning opportunities in between programming periods, or cease altogether. Latvia's exposure to ESI funding risks has also extended into core educational services. For example, ESI funds have been used to incentivise enterprises to accept students for work-based learning. These workplace placements have stopped in between funding periods. Some participants in the OECD National Skills Strategy project expressed concerns that using ESI funds for regular tasks in this way is disruptive to the educational system, and has led to "after-ESI" anxiety among current beneficiaries of ESI-funded skills programmes.

Recommendation for ensuring sufficient, shared and stable expenditure on lifelong learning

- **Develop a cross-sectoral funding agreement for lifelong learning, and allocate state funds towards adult learning.** The National Tripartite Cooperation Council should seek to develop a funding agreement that outlines how government, employers and individuals will share the costs of investing in different types of adult learning and skills. The agreement would specify the funding commitments of ministries, municipalities and social partners for skills, as well as facilitate public-private partnerships in vocational and tertiary education. The government should make the funding of lifelong learning more sustainable by increasing state funding to VET and adult learning to complement ESF funds, initially for disadvantaged groups and between operational periods.

Increasing the impact and equity of lifelong learning funding

Funding for lifelong learning in Latvia is not allocated based on strong evidence about which programmes work best. As noted earlier (see Opportunity 3: Building an integrated monitoring and information system on skills), deficiencies in the evaluation of lifelong learning outcomes limit the ability of policy makers to allocate funding to programmes that have the largest positive impacts. This may entail inefficient public expenditure in some instances. Greater use of performance-based funding can increase incentives for quality and the efficient provision of lifelong learning (see Opportunity 1: Strengthening strategies and oversight for skills policy). Giving a body responsibility for allocating, monitoring and evaluating funding for education and training is one option for ensuring the impact of funding (Box 5.3).

Funding for lifelong learning could be allocated more equitably. The financial capacity of municipalities to fund lifelong learning is constrained and uneven across regions. The allocated tasks of municipalities are meant to be accompanied by a funding source; however, in practice funding is not made available for all tasks (Anda Terauda, Auers and Jahn, 2018[21]). For example, the state delegates the function of adult education provision to local governments, but does not support it with funding. State funding of adult learning is postponed until 2022, with ESF funds filling the gap in the meantime.

Municipal expenditure and revenue are relatively low in Latvia, although expenditure is highly concentrated in education (Table 5.7). Latvian local governments spend a larger share of their budgets on education (40.7%) than any other EU or OECD country. This reflects infrastructure maintenance costs and payment of teacher salaries (transferred from the state), amongst other things. Partly as a result of this, the share spent on social protection, including unemployment, is relatively low (OECD, 2018[67]).

Table 5.7. Subnational government finances in Latvia and EU28 countries

	Latvia	EU28 average
Subnational government expenditure		
USD per capita (PPP)	2 427	6 133
as a % of GDP	9.5	15.5
as a % of public expenditure	25.5	33.4
% spent on education	40.7	19.6
% spent on social protection	12.2	22.2
Subnational government revenue		
USD per capita (PPP)	2 484	6 160
as a % of GDP	9.7	15.6
as a % of public revenue	26.0	34.8
% from taxes	60.8	41.1
% from grants and subsidies	30.2	44.1

Source: OECD (2018[67]), *Subnational Governments in OECD Countries: Key Data 2018 edition*, http://www.oecd.org/regional/Subnational-governments-in-OECD-Countries-Key-Data-2018.pdf.

Municipal revenue is growing more slowly than state revenue, although this is offset by decreasing municipal expenditure. A medium-term budget-planning process was adopted in 2012 and envisions the inclusion of three-year budget cycles for local government. While this will provide medium-term budget clarity for local governments, there is also a concern that it will prevent local governments from gaining access to budget increases in proportion to the rate of economic recovery. Data from 2015 showed an imbalance between central and local government budget pressures. In 2015, local government expenditure decreased by 1.1%, while central government expenditure increased by 3.8%. However, local government income increased by 1.7%, while central government income increased by 3.4% (Anda Terauda, Auers and Jahn, 2018[21]).

Local governments have a high degree of expenditure autonomy, but a low degree of income autonomy. In its 2011 report on Latvia's adherence to the European Charter of Local Self-Government, the Council of Europe concluded that local authorities have inadequate access to independent resources, and urged Latvia to increase the financial autonomy of local authorities (Anda Terauda, Auers and Jahn, 2018[21]). However, the situation may have improved, with local governments in Latvia sourcing considerably more revenue from taxes (60.8%) than other EU countries (41.1%) (Table 5.7).

Unequal tax capacity across municipalities, notably between Riga and rural areas, may lead to disparities in funding lifelong learning. The main sources of funding for municipalities come from individual income taxes and real estate taxes, for which municipalities retain 80% and 100% of the collected amounts, respectively. To match revenues with the service obligation required by law, local governments could, for example, increase property taxes. However, municipalities are reluctant to do this as they are competing for residents (taxpayers) because of the declining population. A better balance needs to be reached between local spending responsibilities and local resources to ensure the quality of municipality public services (OECD, 2015[68]).

The Equalisation Fund seeks to address revenue disparities by allocating additional and untied funding to municipalities based on the number of people in need of support (OECD, 2015[68]). Twelve municipalities paid into the fund (all of them around Riga) in 2019, while the remaining municipalities (107) received money. A previous review of Latvia underlined the need to revise the fund and make it more efficient, as it still leaves significant disparities in funding between municipalities (OECD, 2016[3]). Participants in the OECD National Skills Strategy project stated that one consequence of this in the education sector is that teachers' in well-resourced municipalities have their professional development publicly funded, while teachers in some less-resourced municipalities have to fund their own professional development.

Latvia's proposed administrative territorial reform to reduce the number of municipalities could help to reduce disparities in municipal revenue and expenditure. The reform also offers an important opportunity to reassess regional capacity and disparities in student outcomes, adult learning and skills imbalances, and ensure that central transfers for education and employment reduce these disparities.

Box 5.13. Relevant example: Ensuring the equity of lifelong learning funding

Improving municipal fiscal autonomy in Sweden

In Sweden, the subnational financing system is mostly based on own-source revenues, and the system provides a sound base of funding for all subnational governments, while also enabling autonomy in subnational decision making. The subnational government handles not just "pure local public services", but also many of the redistribution functions of a welfare state, such as education and healthcare. Own-source revenues, especially income taxation, are a major source of subnational level income.

Since subnational governments differ in size, density and ability to raise revenues, the grant system plays an important role in funding municipalities and counties. Sweden uses an advanced system of grants to equalise income bases and costs across subnational governments. Keeping the grant system up to date and ensuring a balance between own source revenues and transfers is a key policy task. It is also important to maintain the right incentives for municipalities and counties to develop their own tax bases. Sweden has a strong tradition in subnational co-operation rather than permanent municipal mergers. Inter-municipal co-operation is practiced in several service areas, including education.

Source: OECD (2017[69]) *OECD Territorial Reviews: Sweden 2017 Monitoring Progress In Multi-Level Governance And Rural Policy*, https://doi.org/10.1787/9789264268883-en; OECD (2019[64]), *OECD Multi-level Governance Studies Making Decentralisation Work A Handbook For Policy-Makers,* https://doi.org/10.1787/g2g9faa7-en.

Recommendations for ensuring the impact and equity of lifelong learning funding

- **Increase the impact of lifelong learning funding through greater performance-based funding**. The government should improve the results achieved by public funding for lifelong learning by implementing a common performance-based funding model. The model should partly base the public funding of education and training providers on the skills development and labour market outcomes of their learners. It should be informed by the performance monitoring and funding elements being developed in Latvia's school system, tertiary education and the State Employment Agency.
- **Ensure equitable funding for lifelong learning across regions through greater cost- and needs-based funding of municipalities**. In the context of Latvia's administrative territorial reforms, the government should partly link state grants for education and training to the costs of service provision to improve the capacity of poorer municipalities to invest. It could also create incentives (bonuses) in state funding for the joint municipal delivery of education and employment services to spur partnerships, and consider adding metrics on regional skill levels and learning participation to the equalisation funding formula.

Recommendations for strengthening the governance of the skills system

Opportunity 1: Strengthening strategies and oversight for skills policy	
Creating a comprehensive and influential education and skills strategy	Ensure that Latvia's medium-term Strategy for Education and Skills 2021-2027 clarifies skills concepts, covers lifelong learning and skills use, and builds accountability.
Ensuring effective oversight of the education and skills strategy	Appoint a whole-of-government and cross-sectoral steering group with decision-making capacity to oversee the Strategy for Education and Skills 2021-2027.
Opportunity 2: Improving co-operation at different levels of government and with stakeholders	
Strengthening the inter-ministerial co-ordination of skills policy	Strengthen the Cross-Sectoral Coordination Centre's and Employment Council's roles in the inter-ministerial co-ordination of skills policy.
Strengthening co-ordination between the state and municipalities on skills policy	Strengthen co-ordination between national and subnational authorities on skills policy in the context of Latvia's administrative territorial reform. Strengthen civil servants' capacity to fulfil their roles to co-ordinate and collaborate on skills policy.
Strengthening co-operation on skills policy at the subnational level	Give subnational bodies a greater role in co-ordinating skills policy, while supporting the spread of good inter-municipal co-operation practices. Provide financial incentives for inter-municipal and public-private partnerships to deliver skills services.
Improving stakeholder engagement with skills policy makers and providers	Build the trust and capacity of stakeholders, while supporting the spread of good engagement practices.
Opportunity 3: Building an integrated monitoring and information system on skills	
Improving information on learning participation, expenditure, outcomes and opportunities	Develop a comprehensive dataset on lifelong learning, building on the VIIS and BURVIS databases. Consider merging and building upon existing portals to develop an integrated, comprehensive and user-friendly online portal about education and training opportunities, qualifications and guidance services.
Improving the quality and use of skills needs information	Develop a comprehensive skills assessment and anticipation system with input from, and shared oversight by, social partners. Strengthen the role of sectoral expert councils with the support from industry to validate and provide high quality information on sectoral skill needs and trends. Build government's capacity in order to improve the use of skills and learning data and information in evidence-based policy making.
Opportunity 4: Raising, targeting and sharing investments in lifelong learning	
Ensuring sufficient, shared and stable expenditure on lifelong learning	Develop a cross-sectoral funding agreement for lifelong learning, and allocate state funds towards adult learning.
Increasing the impact and equity of lifelong learning funding	Increase the impact of lifelong learning funding through greater performance-based funding. Ensure equitable funding for lifelong learning across regions through greater cost- and needs-based funding of municipalities.

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Notes

[1] In Skills Strategy projects, a broad definition of skills is used, including cognitive skills (e.g. literacy, numeracy and digital literacy), meta-cognitive skills (e.g. critical thinking, complex problem solving, creative thinking), social and emotional skills (e.g. conscientiousness, responsibility, empathy), and the professional, technical and specialised knowledge and skills needed to meet the demands of specific occupations.

[2] Latvian Qualifications Database www.latvijaskvalifikacijas.lv; National Education Opportunities Database www.niid.lv; Main adult learning database www.muzizglitiba.lv.

Annex A. Engagement

The National Skills Strategy diagnostic phase involved ongoing oversight and input from an inter-ministerial team (the National Project Team) co-ordinated by the Latvian Ministry of Education and Science and composed of experts from various other ministries and organisations, as outlined in the table below.

Three missions were organised between September 2018 and May 2019, including two stakeholder workshops.

The European Commission was represented at the skills strategy seminar and at both stakeholder workshops.

Table A.1. National Project Team

National Project Team	
Elina Petrovska	Adviser, Cross-Sectoral Coordination Centre (Attīstības uzraudzības un novērtēšanas nodaļas konsultante, Pārresoru koordinācijas centrs)
Gatis Silovs	Director of Sectoral Policy Department, Ministry of Economics (Nozaru politikas departamenta direktors, Ekonomikas ministrija)
Gunta Arāja	Deputy State Secretary – Director of Policy Iniciatives and Development Department, Ministry of Education and Science (valsts sekretāra vietniece – Politikas iniciatīvu un attīstības departamenta direktore, Izglītības un zinātnes ministrija)
Inese Stepiņa	Deputy Director General, Adviser on European Union and International Affairs, Latvian Employers Confederation (Ģenerāldirektores vietniece starptautiskajos, Eiropas Savienības un projektu vadības jautājumos; starptautisko un Eiropas Savienības lietu eksperte, Latvijas Darba devēju konfederācija)
Inga Vanaga	President of the Latvian Trade Union of Education and Science Employees (priekšsēdētāja, Latvijas Izglītības un zinātnes darbinieku arodbiedrība)
Jānis Salmiņš	Deputy Head of Analytical Service, Ministry of Economics (Analītikas dienesta vadītāja vietnieks, Ekonomikas ministrija)
Jeļena Muhina	Senior Expert, Policy Iniciatives and Development Department, Ministry of Education and Science (Politikas iniciatīvu un attīstības departamenta vecākā eksperte, Izglītības un zinātnes ministrija)
Linda Romele	Expert on Education, Employment and Social Protection, Free Trade Union Confederation of Latvia, (eksperte izglītības, nodarbinātības un sociālās drošības jautājumos, Latvijas Brīvo arodbiedrību savienība)
Raimonds Brīdaks	Senior expert of Labour Market Policy Department, Ministry of Welfare (Darba tirgus politikas departamenta vecākais eksperts, Labklājības ministrija)
Ruta Porniece	Latvian Employers Confederation (Latvijas Darba devēju konfederācija)
National Support team	
Larisa Pekša	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Ļaisana Šakirova	National Center for Education of the Republic of Latvia (Valsts izglītības satura centrs)
Lelde Zemberga	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Inta Jaunzeme	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Laura Vikšere	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Viktors Kravčenko	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Guntis Meisters	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Jana Veinberga	State Education Quality Service (Izglītības kvalitātes valsts dienests)
Dace Saleniece	State Education Quality Service (Izglītības kvalitātes valsts dienests)

Supporting Experts	
Agnese Rožkalne	Economist, Analytical Service, Ministry of Economics (Analītikas dienesta ekonomiste, Ekonomikas ministrija)
Anita Līce	Head of Education and Employment, Latvian Employers Confederation (Izglītības un nodarbinātības jomas vadītāja, Latvijas Darba devēju konfederācija)
Dace Zīle	Head of Analytical Service, Ministry of Economics (Analītikas dienesta vadītāja, Ekonomikas ministrija)
Ilze Zvīdriņa	Deputy Director of Labour Market Policy Department, Ministry of Welfare (Darba tirgus politikas departamenta direktora vietniece, Labklājības ministrija)
Imants Lipskis	Director of Labour Market Policy Department, Ministry of Welfare (Darba tirgus politikas departamenta direktors, Labklājības ministrija)
Kristaps Soms	Director of Entrepreneurship Competitiveness Department, Ministry of Economics (Uzņēmējdarbības konkurētspējas departamenta direktors, Ekonomikas ministrija)
Laura Treimane	Attaché for Education and Science, Permanent Delegation of Latvia to OECD and UNESCO (Nozares padomniece izglītībā un zinātnē, Latvijas Republikas Pastāvīgā pārstāvniecība OECD un UNESCO)
Normunds Ozols	Senior Economist, Analytical Service, Ministry of Economics (Analītikas dienesta vecākais ekonomists, Ekonomikas ministrija)
Raivis Bremšmits	Director of Environmental Protection Department, Ministry of Environmental Protection and Regional Development (Reģionālās politikas departamenta direktors, Vides aizsardzības un reģionālās attīstības ministrija)
Una Rogule-Lazdiņa	Senior Expert, Sectoral Policy Department, Ministry of Economics (Nozaru politikas departamenta vecākā eksperte, Ekonomikas ministrija)
Moderators during the workshops	
Agija Reča	State Education Quality Service (Izglītības kvalitātes valsts dienests)
Aļona Tutova	Ministry of Welfare (Labklājības ministrija)
Anna Bondare	Free Trade Union Confederation of Latvia (Latvijas Brīvo Arodbiedrību Savienība)
Dace Saleniece	State Education Quality Service (Izglītības kvalitātes valsts dienests)
Dace Zīle	Ministry of Economics (Ekonomikas ministrija)
Ilze Dalbiņa	Latvian National Commission for UNESCO (UNESCO Latvijas Nacionālā komisija)
Ilze Zvīdriņa	Ministry of Welfare (Labklājības ministrija)
Imants Lipskis	Ministry of Welfare (Labklājības ministrija)
Inese Lūsēna-Ezera	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Inta Jaunzeme	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Jana Veinberga	State Education Quality Service (Izglītības kvalitātes valats dienests)
Jānis Gaigals	National Center for Education of the Republic of Latvia (Valsts izglītības satura centrs)
Linda Romele	Free Trade Union Confederation of Latvia (Latvijas Brīvo Arodbiedrību Savienība)
Pavels Pestovs	School 2030 (Skola 2030)
Ruta Porniece	Latvian Employers Confederation (Latvijas Darba devēju konfederācija)
Note takers during the workshop	
Agnese Rožkalne	Ministry of Economics (Ekonomikas ministrija)
Atis Migals	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Didzis Poreiters	State Education Development Agency (Valsts izglītības attīstības aģentūra)
Evelina Bole	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Ilze Astrīda Jansone	State Education Development Agency (Valsts izglītības attīstības aģentūra)
Jana Veinberga	State Education Quality Service (Izglītības kvalitātes valsts dienests)
Kristaps Kovaļevskis	Civitta Latvia (Civitta Latvija)
Kristīne Grundmane	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Laura Treimane	Attaché for Education and Science, Permanent Delegation of Latvia to OECD and UNESCO (Nozares padomniece izglītībā un zinātnē, Latvijas Republikas Pastāvīgā pārstāvniecība OECD un UNESCO)
Laura Vikšere	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Lelde Zemberga	Ministry of Education and Science (Izglītības un zinātnes ministrija)

Linda Apse	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Līvis Lāma	Civitta Latvia (Civitta Latvija)
Nauris Grīnbergs	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Santa Feifere	Ministry of Education and Science (Izglītības un zinātnes ministrija)
Valda Akmentiņa	State Education Development Agency (Valsts izglītības attīstības aģentūra)
Viktors Kravčenko	Ministry of Education and Science (Izglītības un zinātnes ministrija)
European Commission	
Alison Crabb	Head of Unit, Skills and Qualifications, Directorate-General for Employment, Social Affairs and Inclusion
Denis Crowley	Head of Unit, Policy Strategy and Evaluation, Directorate-General for Education, Youth, Sport and Culture
Michael Horgan	Policy Officer, Skills and Qualifications, Directorate-General for Employment, Social Affairs and Inclusion
Mārtiņš Zemītis	Economic Analyst, EC Permanent representation to Latvia

OECD Skills Studies

OECD Skills Strategy Latvia

ASSESSMENT AND RECOMMENDATIONS

Skills are the key to shaping a better future. Skills are central to the capacity of countries and people to thrive in an increasingly interconnected and rapidly changing world. Megatrends such as globalisation, technological advance and demographic change are reshaping work and society, generating a growing demand for higher levels of skills, as well as new sets of skills.

OECD Skills Strategy projects provide a strategic and comprehensive approach to assess countries' skills challenges and opportunities, and build more effective skills systems. The OECD works collaboratively with countries to develop policy responses that are tailored to each country's specific skills needs. The foundation of this approach is the OECD Skills Strategy framework, which allows for an exploration of what countries can do better to i) develop relevant skills over the life course, ii) use skills effectively in work and in society, and iii) strengthen the governance of the skills system.

This report *OECD Skills Strategy Latvia: Assessment and Recommendations* identifies opportunities and makes recommendations to strengthen the skills outcomes of students, foster a culture of lifelong learning, reduce skills imbalances in the labour market, and strengthen the governance of the skills system.

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Co-funded by the European Union

ISBN 978-92-64-65018-3